

Payment Integrity Scorecard

Program or Activity
Direct Loan

Reporting Period
Q1 2021

Change from Previous FY (\$M)

\$382M

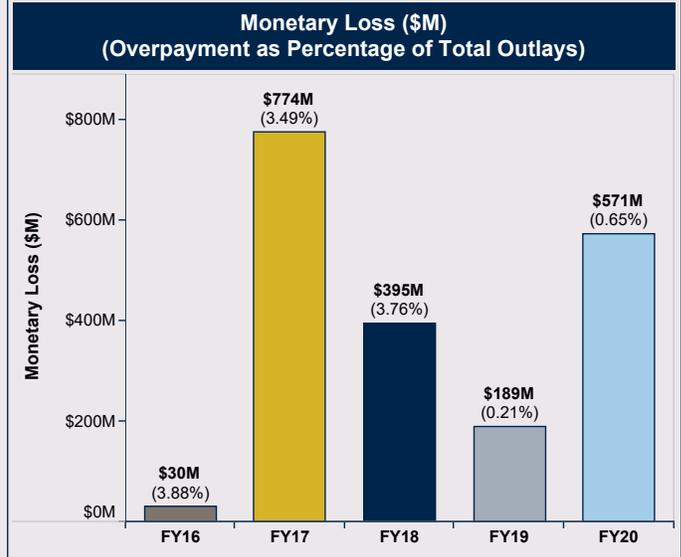


ED
Direct Loan

Brief Program Description:

The Direct Loan program, added to the Higher Education Act of 1965 (HEA) in 1993 by the Student Loan Reform Act of 1993, authorizes the Department to make loans through participating schools to eligible undergraduate and graduate students.

Key Milestones		Status	ECD
1	Develop mitigation strategies to get the payment right the first time	On-Track	Nov-22
2	Evaluate the ROI of the mitigation strategy	On-Track	Nov-22
3	Determine which strategies have the best ROI to prevent cash loss	On-Track	Nov-22
4	Implement new mitigation strategies to prevent cash loss	On-Track	Nov-22
5	Analyze results of implementing new strategies	On-Track	Nov-22
6	Achieved compliance with PIIA	On-Track	May-21
7	Identified any data needs for mitigation	On-Track	Nov-22



Goals towards Reducing Monetary Loss			Status	ECD
1	Q1 2021	FSA continues to utilize and promote the IRS Data Retrieval Tool, which enables Title IV student aid applicants and, as needed, parents of applicants, to transfer certain tax return data from an IRS website directly to their FAFSA.	On-Track	Nov-21
2	Q1 2021	Coordinate with OMB to request updates to the OMB Compliance Supplement to further enhance and refine auditor requirements, including sampling requirements.	On-Track	Nov-21

Recovery Method	Brief Description of Plans to Recover Overpayments
1 Recovery Activity	ED will continue to collect monies from schools against the accounts receivable established for assessed liabilities resulting from compliance audits and, if/as necessary, pursue collection.
2 Recovery Activity	ED will continue to collect monies from schools against the accounts receivable established for assessed liabilities resulting from program reviews and, if/as necessary, pursue collection.
3 Recovery Activity	ED will continue to collect monies from vendors against the accounts receivable established and, if/as necessary, pursue collection.

Accomplishments in Reducing Monetary Loss			Date
1	FSA held the 2020 (Virtual) Federal Student Aid Conference for Financial Aid Professionals which included 15,598 attendees.		Dec-20
2	FSA released a new version of the myStudentAid mobile app with additional tools and features to be introduced to improve customers' understanding of and interactions with the Title IV aid programs.		Dec-20
3	FSA issued additional guidance to address the continued challenges that schools and their students face due to the COVID-19 pandemic.		Jan-21

Amt(\$)	Root Cause of Monetary Loss	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$553M	Administrative or process errors made by: others (participating lender, health care provider, or other organization administering Federal dollars)	Incorrect processing of student data by institutions; student account data changes not applied/processed correctly; satisfactory academic progress not achieved; incorrectly calculated return of student aid funds; and processing errors by servicers.	Automation; Change Process; Cross Enterprise Sharing	In aggregate, Federal Student Aid assumes that reduction in school and other third party administrative errors will reduce improper payments.
\$18M	Failure to verify: financial data	Specific root causes include, but are not limited to, ineligibility for a Direct Loan and incorrect self-reporting of an applicant's information that leads to incorrect awards based on Expected Family Contribution.	Training	In aggregate, Federal Student Aid assumes that improved accuracy of income verification will reduce improper payments.

Monetary Loss - Monetary loss to the Government includes amounts that should not have been paid and in theory should/could be recovered.