

Payment Integrity Scorecard

Program or Activity
William D. Ford Federal Direct Loan Program

Reporting Period
Q2 2023

FY 2022 Overpayment Amount (\$M)* **\$103**

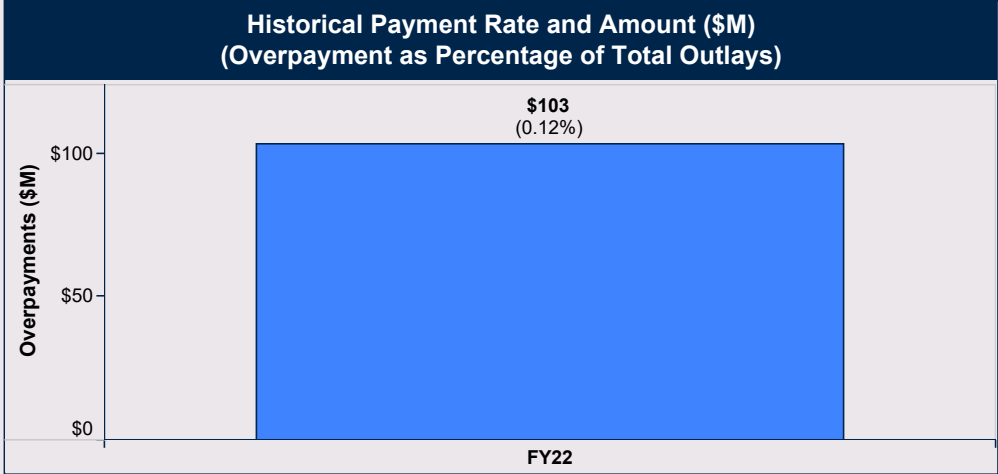
*Estimate based a sampling time frame starting 10/2020 and ending 9/2021



ED
William D. Ford Federal Direct Loan Program

Brief Program Description & summary of overpayment causes and barriers to prevention:

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. Root causes of Direct Loan overpayments include, but are not limited to, incorrect calculation of return of Title IV funds, failure to return unclaimed credit balances to the Department, and failure to meet satisfactory academic progress (SAP).



Discussion of Actions Taken in the Preceding Quarter and Actions Planned in the Following Quarter to Prevent Overpayments

FSA publishes and delivers various free trainings, guidance, and resources for school financial aid administrators to target the root causes of IPs and UPs and other frequently identified compliance issues throughout the year. For example, in the first half of the fiscal year, FSA conducted the annual FSA Training Conference for institutions processing financial aid that address (1) verification errors, (2) administrative and process errors, and (3) documentation errors frequently made by schools. In the next quarter, FSA will continue to offer training and will be planning and developing materials for the annual conference to be delivered in FY24 Q1.

Accomplishments in Reducing Overpayment		Date
1	FSA published the Reaffirmation Guide, which provides training and guidance to FSA employees on how students who have inadvertently received Title IV loan funds in excess of annual or aggregate loan limits may regain Title IV eligibility.	Nov-22
2	FSA delivered a Webinar titled "Verification 22-23 and 23-24." The event attracted 1,971 participants from the financial aid community, setting a new attendance milestone, and FSA team also fielded nearly 250 questions during Q&A.	Mar-23
3	FSA implemented a new software tool that enables user access to import Direct Loan School Account Statement (SAS) and Rebuild files sent by the COD System.	Mar-23

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	Goals towards Reducing Overpayments	Status	ECD		Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	FSA continually performs training activities to mitigate root causes of improper payments. FSA recently delivered a Webinar titled "Verification 22-23 and 23-24." The event attracted 1,971 participants from the financial aid community, setting a new attendance milestone, and FSA team also fielded nearly 250 questions during Q&A.	On-Track	Sep-23	1	Recovery Activity	ED has established a system of oversight to help detect and recover improper payments and ensure compliance by participating parties. ED establishes accounts receivable and pursues collection for improper payments identified and deemed collectable.	ED will continue to establish accounts receivable for improper payments and pursue collection for those receivables deemed collectible.
				2	Recovery Activity	FSA's oversight includes program reviews of selected schools for requirements for eligibility, financial responsibility, and administrative capability. FSA assesses monetary liabilities and identifies actions schools must take for improper payments.	ED will continue to establish accounts receivable for improper payments and pursue collection for those receivables deemed collectible.
2	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	Jan-24	3	Recovery Activity	FSA reviews Single Audit Act compliance audits of schools performed by independent auditors. Schools are required to develop corrective action plans for deficiencies. FSA reviews and evaluates the effectiveness of schools' corrective actions.	ED will continue to establish accounts receivable for improper payments and pursue collection for those receivables deemed collectible.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
N/A	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	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.	Change Process – altering or updating a process or policy to prevent or correct error.	In aggregate, Federal Student Aid assumes that improved accuracy of income verification will reduce improper payments.
\$103M	Overpayments outside the agency control that occurred because of a Failure to Access Data/Information Needed.	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.	Training – teaching a particular skill or type of behavior; refreshing on the proper processing methods.	In aggregate, Federal Student Aid assumes that reduction in school and other third-party administrative errors will reduce improper payments.