

# Payment Integrity Scorecard

**Program or Activity**  
Federal Pell Grant Program

**Reporting Period**  
Q4 2023

**FY 2022 Overpayment Amount (\$M)\*** **\$241**

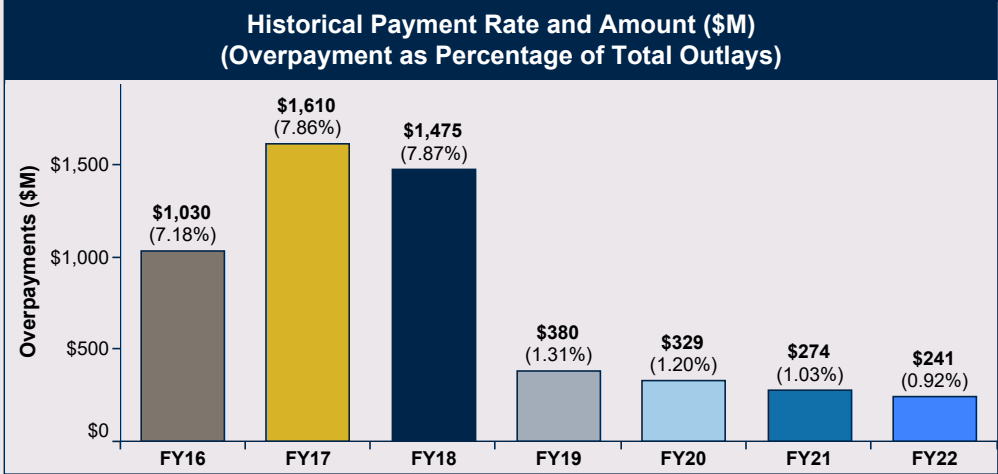
\*Estimate based a sampling time frame starting 10/2020 and ending 9/2021



**ED**  
Federal Pell Grant Program

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

The Pell Grant program provides need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to postsecondary education. Root Causes of Pell overpayments include, misreported income on the FAFSA, incorrect calculation of Return of Title IV funds, failure to return unclaimed credit balances to the Dept., and failure to meet satisfactory academic progress. Barriers include the program structure of the Pell program, which requires that funds pass through an intermediary non-federal entity before reaching the ultimate beneficiary (student). The statute provides FSA authority to require the third-party to impose certain internal controls or mitigation strategies, and FSA exercises this authority.



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

FSA continues to work with the IRS to implement and operationalize changes to its programs as a result of the FUTURE Act and amendments to section 6103 of the Internal Revenue Code. Both offices continue to meet to discuss implementation activities for the FUTURE Act Income Driven Repayment (IDR) release. FSA launched the updated IDR release in July 2023. In Fy24 Q1 FSA will continue to develop the Federal Tax Information (FTI) Module, FTI Data Mart, and FTI Student Aid Internet Gateway. FSA published and delivered free trainings, guidance, and resources for school administrators to target the root causes of IPs. FSA published the 22-23 FSA Handbook and FSA Assessments, which provides guidance and resources for thousands of school administrators. The FSA Handbook provides guidance to administrators who help students begin the aid process, including filing the FAFSA and verifying information. In FY23 Q4, FSA continued to plan and develop materials for its 2023 FSA Training Conference, which hosts hundreds of institution administrators and is scheduled for FY24 Q1.

**Accomplishments in Reducing Overpayment** **Date**

<b>1</b>	FSA has made significant progress on a new website for G6, a new and modernized grants and financial management system from FSA's prior G5 system. ED will implement the first three key system upgrades for G6: a new URL for the website, new home page, and new log-in option.	Jun-23
<b>2</b>	FSA released information regarding the FAFSA Simplification Act, which is a significant overhaul of the processes and systems used to award federal student aid starting with the 2024–25 award year.	Jul-23
<b>3</b>	FSA announced the release of a revised FSA Estimator, which provides an estimate of the new Student Aid Index (SAI) and revised federal Pell Grant eligibility calculation.	Sep-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
<b>1</b> FSA delivers various free trainings, guidance, and resources for school financial aid administrators to target and mitigate the root causes of IP. FSA published the 22-23 FSA Handbook and FSA Assessments, which provides significant guidance, training, and resources for thousands of school financial aid administrators. Training, guidance, and resources help prevent and reduce IP and UP. FSA continued to plan and develop materials for its 2023 FSA Training Conference scheduled for FY24 Q1.	<b>Completed</b>	Sep-23	<b>1</b> <b>Recovery Activity</b>	ED will continue to use a system of oversight to help detect and recover IPs and ensure compliance by participating parties. ED will establish accounts receivable and pursue collection for improper payments identified and deemed collectable.	For improper payments identified through oversight activities, ED established accounts receivable and pursued collection for those deemed collectible. FSA gathered its annual recovery data and is in the process of reporting the information in the OMB Data Call at year-end.
			<b>2</b> <b>Recovery Activity</b>	Perform program reviews of schools for eligibility, financial responsibility, and administrative capability requirements. If applicable, FSA will assess the school a monetary liability, identify action(s) schools must take to resolve the OP, and pursue collection.	For overpayments identified through program reviews, ED established accounts receivable and pursued collection for those receivables deemed collectible. FSA pursued collection of applicable overpayments in FY23 Q4 and will report recoveries in the OMB Data Call at year-end.
<b>2</b> FUTURE Act implementation is planned for FY25 to allow FSA to obtain tax data directly from the IRS for income verification. FSA anticipates this will significantly reduce or eliminate IPs due to misreported income by FAFSA applicants. FSA utilized and promoted the IRS Data Retrieval Tool, enabling applicants to transfer tax return data from the IRS to their FAFSA and reduce IPs. Also, FSA's Federal Tax Information Module tool went live for the Income-Driven Repayment program.	<b>On-Track</b>	Jan-24	<b>3</b> <b>Recovery Activity</b>	Review Single Audits. Schools are required to develop CAPs for deficiencies. FSA will review & evaluate the school's CAPs. If applicable, FSA will assess the school a monetary liability, identify action(s) schools must take to resolve the OP, and pursue collection.	For overpayments identified through compliance audits, ED established accounts receivable and pursued collection for those receivables deemed collectible, including applicable overpayments, in FY23 Q4 and will report recoveries in the year-end OMB Data Call.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
<b>\$209M</b>	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 Pell Grant and incorrect self-reporting of an applicant's information that leads to incorrect awards based on Expected Family Contribution (Misreported Income).	Change Process – altering or updating a process or policy to prevent or correct error.	FSA anticipates improved income verification will reduce IPs. In FY23, Verification findings, including misreported income, were an est. \$557.75M. FSA expects a decrease when the FUTURE Act is fully implemented as FSA will be able to obtain tax data directly from the IRS.
<b>\$32M</b>	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.	FSA will continue to offer training, resources, and guidance. FSA anticipates these activities to continue to produce estimates within FSA's tolerable IP band. FSA anticipates reduction, but IPs cannot be fully eliminated since payments are outside of FSA's direct control.