

Payment Integrity Scorecard

Program or Activity
Federal Pell Grant Program

Reporting Period
Q1 2024

FY 2023 Overpayment Amount (\$M)*

\$404

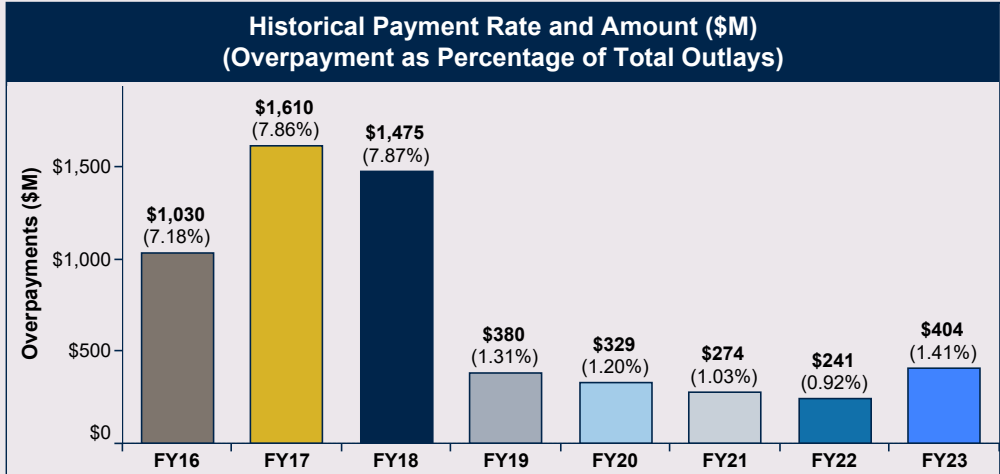
*Estimate based a sampling time frame starting 10/2021 and ending 9/2022



Education
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 Department, 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 launched the 2024-25 Free Application for Federal Student Aid (FAFSA) in December 2023 that utilizes the Federal Tax Information (FTI) Module (FTIM). FSA has and will continue to socialize the new FAFSA and monitor submissions. FSA also used FTIM in the Income Driven Repayment (IDR) program. The FSA has continued and will continue to monitor the usage of FTIM by IDR. The FTIM is a new FSA system designed to ensure data security and compliance with IRS Publication 1075 requirements. The initial usage rate is high. FSA is optimistic that high usage continues and that the FAFSA has similar success. FSA published and delivered in Q1 and will continue to publish and deliver in Q2 free trainings, guidance, and resources for school administrators to target the root causes of IPs. FSA updated the School Eligibility and Operations Section of the FSA Handbook and FSA Assessments, which provides guidance and resources for thousands of school administrators who help students begin the aid process, including filing the FAFSA and verifying information. FSA also delivered the 2023 FSA Training Conference, hosting hundreds of institution administrators, which was well attended. FSA plans to provide two additional webinars in Q2 for schools in the Better FAFSA Better Future webinar series. These webinars will focus on questions about the recent launch of the 24-25 FAFSA form. In January 2024, FSA published Application and Verification Guide of the 24-25 FSA Handbook.

Accomplishments in Reducing Overpayment		Date
1	The U.S. Department of Education (Department) Office of Federal Student Aid (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
2	FSA launched the 2024-25 Free Application for Federal Student Aid (FAFSA) in December 2023. The new FAFSA form significantly improves, streamlines, and redesigns how students and their families use the FAFSA form.	Dec-23
3	Updated the Student Aid Internet Gateway enrollment agreement, which allows trading partners to securely exchange data with FSA. The new agreement includes details on the criminal & civil penalties for the unauthorized inspection or disclosure of FTI.	Dec-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 will continue to deliver various free trainings, guidance, and resources for school financial aid administrators to target and mitigate the root causes of IP. FSA published the 2023-24 FSA Handbook and FSA Assessments, which provides significant guidance, training, and resources for thousands of school financial aid administrators. FSA also delivered its 2023 FSA Training Conference from 11/28/2023 to 12/1/2023. These resources will help to mitigate IP and UP.	On-Track	Sep-24	1	Recovery Activity ED will continue to use a system of oversight to help detect and recover improper payments 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, in Q1 ED established accounts receivable and pursued collection for those deemed collectable. FSA will continue to track the overpayments collected and report the information in the year-end OMB Data Call.
				2	Recovery Activity 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 IP, and pursue collection.	For overpayments identified through program reviews, in Q1 ED established accounts receivable and pursued collection for those receivables deemed collectable. FSA will continue to track the overpayments collected and report the information in the year-end OMB Data Call.
2	Implementation in FY25 of the authorities provided in the FUTURE Act will allow FSA to obtain tax data directly from the IRS for income verification. FSA anticipates this will significantly reduce or eliminate IPs due to applicants misreporting their income on their 2024-25 FAFSA. FSA's FTIM tool recently went live for the IDR program. FSA utilized and promoted the IRS Data Retrieval Tool, enabling applicants to transfer tax return data from the IRS to their 2023-24 FAFSA and reduce IPs.	On-Track	Sep-25	3	Recovery Activity 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 IP, and pursue collection.	For overpayments identified through compliance audits, ED established accounts receivable and pursued collection for those receivables deemed collectable. FSA will continue to track the overpayments collected and report the information 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
\$382M	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 continues to implement the authorities provided in the FUTURE Act to include updating its systems to obtain applicant FTI directly from the IRS to eliminate misreported income root cause IP. Based on FY23 estimates, this would result in an IP reduction of ~\$557M.
\$22M	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 servicer errors.	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.