

# Payment Integrity Scorecard

**Program or Activity**  
Federal Pell Grant Program

**Reporting Period**  
Q3 2024

**FY 2023 Overpayment Amount (\$M)\***

**\$404**

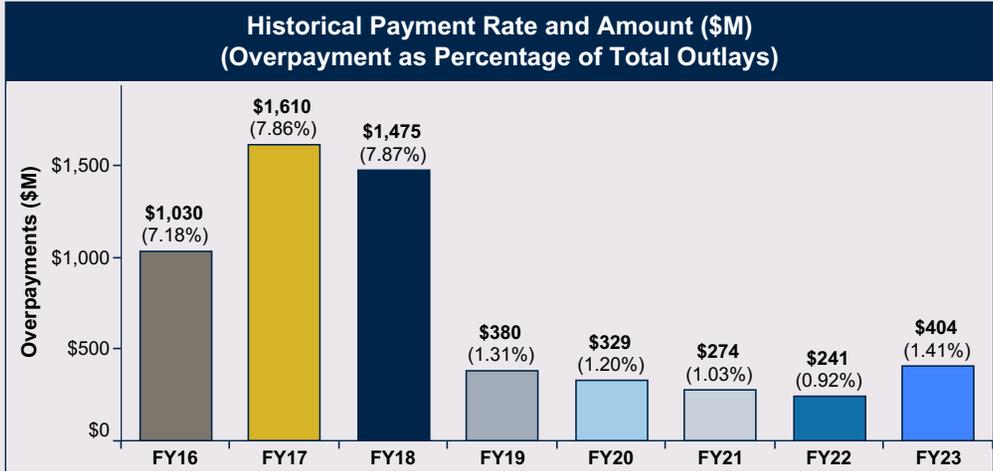
\*Estimate based a sampling time frame starting 10/2021 and ending 9/2022



**Department of 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**

In Q3, FSA continued to socialize and monitor submissions of the 2024-25 Free Application for Federal Student Aid (FAFSA) launched in December 2023 that utilizes the Federal Tax Information (FTI) Module (FTIM). FSA also continued to use FTIM in the Income Driven Repayment (IDR) program. FSA has and will continue to monitor the usage of FTIM by IDR. FTIM is a new FSA system designed to ensure data security and compliance with IRS Publication 1075 requirements. FSA published and delivered in Q3 and will continue to publish and deliver in Q4 free trainings, guidance, and resources for school administrators to target the root causes of IPs. FSA updated the School Eligibility and Federal Pell Grant 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, and calculating Federal Pell Grants. FSA provided several webinars in Q3 that focused on navigating the updated Student Aid Index (SAI) and Pell Eligibility Guide, the Knowledge Center, the FSA Handbook, and FAFSA training. The trainings, like all FSA trainings, were recorded and can be accessed anytime on the FSA Training Center site.

Accomplishments in Reducing Overpayment		Date
1	FSA announced the publication of two volumes of the 2024-2025 Federal Student Aid Handbook: Student Eligibility (Volume 1) and The Federal Pell Grant Program (Volume 7).	Feb-24
2	FSA provided a webinar on 3/29 describing the 2024-25 Institutional Student Information Record (ISIR), including changes to the way data is organized within ISIR blocks, new identifiers/codes, and recent updates to the Pell Grant Eligibility Guide.	Mar-24
3	FSA made significant system changes to the Common Origination and Disbursement (COD) system to align with the new Pell Grant award calculation per the FAFSA Simplification Act. The 2024-25 Pell Grant Scheduled Award calculation is now formulaic.	Apr-24

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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 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 has begun publishing volumes of the 2024-25 FSA Handbook and FSA Assessments, which provides significant guidance, training, and resources for thousands of school financial aid administrators. FSA will hold the 2024 Training Conference 12/3/2024 through 12/6/2024.	On-Track	Sep-24	<b>1 Recovery Activity</b>	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 Q3 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.
			<b>2 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 IP, and pursue collection.	For overpayments identified through program reviews, in Q3 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.
<b>2</b> Implementation of the authorities provided in the FUTURE Act allows 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 for the IDR program and 2024-25 FAFSA form launched December 2023.	On-Track	Sep-25	<b>3 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 IP, and pursue collection.	For overpayments identified through compliance audits, in Q3 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 recently updated its systems per the authority in the FUTURE Act, to obtain applicant FTI directly from the IRS. This will eliminate the root cause of IP of applicants misreporting their income. Based on FY23 estimates, this will 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 result in 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.