

Payment Integrity Scorecard

Program or Activity
Federal Pell Grant Program

Reporting Period
Q4 2024

FY 2023 Overpayment Amount (\$M)*

\$404

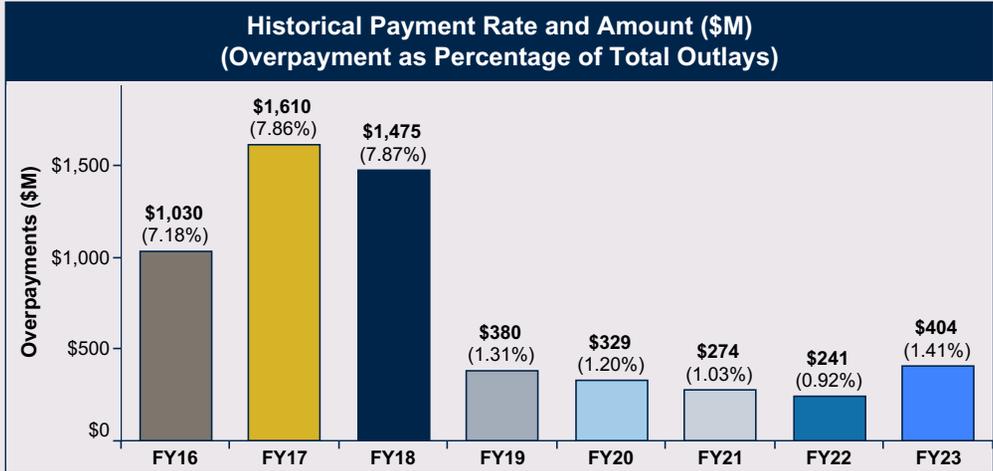
*Estimate based a sampling time frame starting 10/2021 and ending 9/2022



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

In Q4, 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. Over the coming months, FSA will continue to incorporate feedback as we make additional improvements to the FAFSA form and processes; produce and update resources for families, institutions, counselors, and financial aid professionals; and keep the field updated on our progress. FSA published and delivered in Q4 and will continue to publish and deliver in FY 2025 Q1 free trainings, guidance, and resources for school administrators to target the root causes of IPs. In Q4, FSA provided several webinars that focused on FAFSA data use in 2024-2025, Title IV recertification for domestic institutions, and a Federal update. The trainings were recorded and can be accessed anytime on the FSA Training Center site. Also available on the FSA Training site are other helpful resources to include the FSA Handbook Glossary and FAFSA Simplification Act Key Terms, among others. In FY 2025 Q1, FSA is planning to hold the 2024 FSA Training Conference from 12/3/2024 through 12/6/2024.

Accomplishments in Reducing Overpayment

		Date
1	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
2	FSA announced the availability of EExpress for 2024-25. Adds full Pell, Direct Loan, and TEACH functionality for the 2024-25 AY. This student-centric interface enables users to access critical information more efficiently within and across modules.	May-24
3	FSA announced Betas 2-4 and interest forms for the 2025-26 FAFSA form. The purpose of Beta 2-4 is to test the FAFSA form at a larger scale with a wide variety of users to identify pain points and improve overall performance of the 2025-26 FAFSA.	Sep-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
<p>1</p> <p>In FY24, FSA delivered various free trainings, guidance, and resources for school financial aid administrators to target and mitigate the root causes of IP. FSA has published all volumes of the 24-25 FSA Handbook and FSA Assessments, with updates as recently as July 2024. These resources provides significant guidance, training, and resources for thousands of school financial aid administrators. FSA is planning to hold the 2024 Training Conference 12/3/2024 through 12/6/2024.</p>	<p>Completed</p>	<p>Sep-24</p>	<p>1</p> <p>Recovery Activity</p>	<p>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.</p>	<p>For improper payments identified through oversight activities, in Q4 ED established accounts receivable and pursued collection for those deemed collectible. FSA will continue to track the overpayments collected and report the information in the year-end OMB Data Call.</p>
			<p>2</p> <p>Recovery Activity</p>	<p>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.</p>	<p>For overpayments identified through program reviews, in Q4 ED established accounts receivable and pursued collection for those receivables deemed collectible. FSA will continue to track the overpayments collected and report the information in the year-end OMB Data Call.</p>
<p>2</p> <p>In FY24, FSA implemented the authorities provided in the FUTURE Act and FAFSA Simplification Act to streamline collection of data used to determine eligibility for student financial assistance. Specifically, the processes implemented allow FSA to automatically collect a student and families' tax information for the 2024-25 FAFSA.</p>	<p>Completed</p>	<p>Sep-24</p>	<p>3</p> <p>Recovery Activity</p>	<p>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.</p>	<p>For overpayments identified through compliance audits, in Q4 ED established accounts receivable and pursued collection for those receivables deemed collectible. FSA will continue to track the overpayments collected and report the information in the year-end OMB Data Call.</p>

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
<p>\$382M</p>	<p>Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.</p>	<p>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).</p>	<p>Change Process altering or updating a process or policy to prevent or correct error.</p>	<p>FSA recently updated its systems per the authority in the FUTURE Act, to obtain applicant FTI directly from the IRS. This action mitigates the root cause of IP of applicants misreporting their income. Based on FY24 estimates, this will result in an IP reduction of ~\$704M.</p>
<p>\$22M</p>	<p>Overpayments outside the agency control that occurred because of a Failure to Access Data/Information Needed.</p>	<p>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.</p>	<p>Training teaching a particular skill or type of behavior; refreshing on the proper processing methods.</p>	<p>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.</p>