

Payment Integrity Scorecard

Program or Activity
Federal Pell Grant Program

Reporting Period
Q1 2025

FY 2024 Overpayment Amount (\$M)*

\$459

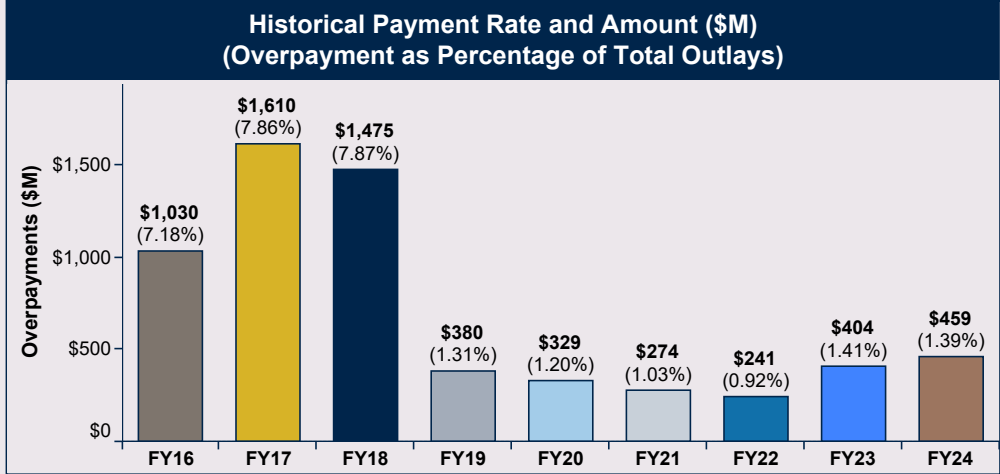
*Estimate based a sampling time frame starting 10/2022 and ending 9/2023



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 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 Q1, FSA continued to socialize and monitor submissions of the 2024-25 Free Application for Federal Student Aid (FAFSA) that utilizes the Federal Tax Information (FTI) Module (FTIM). 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 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. For example, FSA virtually held the 2024 FSA Training Conference from 12/3/2024 to 12/6/2024. This training featured keynote addresses, general sessions, breakout sessions, and virtual exhibit hall stations for financial aid professionals. FSA also provided several webinars that focused on proper administration of Title IV program funding. 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 that include the FSA Handbook Glossary and FAFSA Simplification Act Key Terms, among others.

Accomplishments in Reducing Overpayment		Date
1	The Department made available a new service release for EDEXpress for Windows 2024-25, Release 2.0, that resolves software issues in the Pell Grant module. The release corrects software issues that have the potential to lead to improper payments.	Sep-24
2	FSA published the 2025-26 FAFSA form online at fafsa.gov. The Department continues its work with partners to ensure that students and their families can easily access the FAFSA form, have timely and clear information, and can quickly complete the application and access aid.	Nov-24
3	The 2025-26 FSA Handbook - Application and Verification Guide is now available. The guide aids college financial aid professionals for filing the FAFSA, verifying information, and making corrections and other changes. The Handbook consists of nine volumes and appendices.	Dec-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 Q1, FSA continues to monitor implementation of the authorities provided in the FUTURE Act and usage of the FUTURE ACT Direct Data Exchange (FA-DDX) to import U.S. income and tax information on the Free Application for Federal Student Aid (FAFSA) form. Direct access to income and tax information is expected to significantly reduce improper payments due to misreported income on the FAFSA.</p>	On-Track	Sep-25	<p>1</p> <p>Recovery Activity</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.	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.
			<p>2</p> <p>Recovery Activity</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.	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.
<p>2</p> <p>In Q1, FSA delivered various free trainings, guidance, and resources for school financial aid administrators to target and mitigate the root causes of IP. FSA released the 2025-26 FSA Handbook and FSA Assessments on 12/17/2024. These resources provide significant guidance, training, and resources for thousands of school financial aid administrators. FSA also held the 2024 Training Conference 12/3/2024 through 12/6/2024, which is offered to thousands of financial aid administrators.</p>	On-Track	Sep-25	<p>3</p> <p>Recovery Activity</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.	For overpayments identified through compliance audits, 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.

Amt(\$)	Root Cause of Overpayment	Root Cause Description	Mitigation Strategy	Brief Description of Mitigation Strategy and Anticipated Impact
\$439M	Overpayments within agency control that occurred because of a Failure to Access Data/Information Needed.	Ineligibility for a Pell Grant and incorrect self-reporting of an applicant's information (misreported income) that leads to incorrect awards based on incorrect determination of aid eligibility amount.	Change Process altering or updating a process or policy to prevent or correct error.	The implementation of the authorities provided in the FUTURE Act allows FSA to collect data directly from the IRS. With this new process, there is significantly less opportunity for recipients to misreport their income and therefore less opportunity for improper payments.
\$20M	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.