

Payment Integrity Scorecard

Program or Activity Federal Pell Grant Program	Reporting Period Q3 2025	FY 2024 Overpayment Amount (\$M)*	\$459
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*Estimate based a sampling time frame starting 10/2022 and ending 9/2023



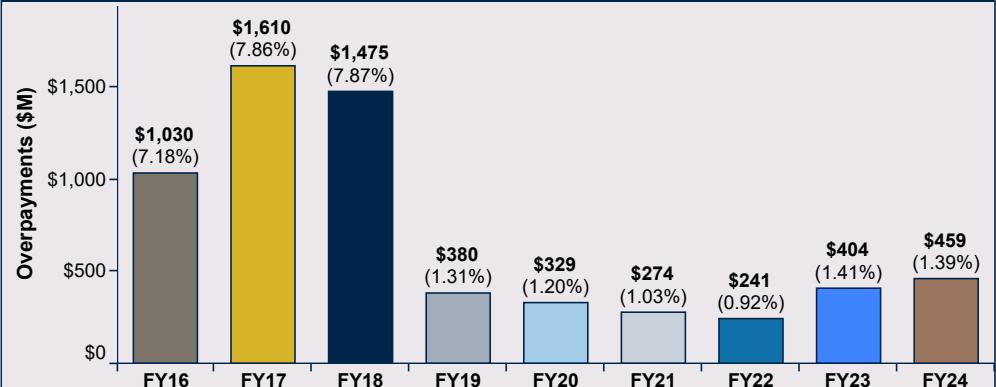
Education

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.

Historical Payment Rate and Amount (\$M) Overpayment as Percentage of Total Outlays



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) 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 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. For example, in Q3, FSA hosted a live Q&A webinar, where participants were encouraged to ask questions regarding recently released guidance from the Department of Education and FSA for determining student eligibility, federal tax information (FTI), and other general inquiries regarding ED processes and procedures related to Title IV funding. 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	FSA published Volumes 3 and 7 of the 2025-26 FSA Handbook. Volume 3 provides guidance on disbursement requirements for awarding aid to Title IV programs and Volume 7 provides guidance for student eligibility and calculating Pell awards.	Apr-25
2	ED invested in two major improvements to simplify the 26-27 FAFSA experience for students & families. This includes: (1) Real-time identify to streamline verification, and (2) Simplified contributor invite process that reduces PII & potential fraud.	Jun-25
3	ED will launch a nationwide effort to enhance our ability to identify fraud in the FSA programs for the fall 2025 semester to protect taxpayers and reduce the administrative burden on colleges and universities.	Jun-25

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Reporting Period
Q3 2025

Goals towards Reducing Overpayments			Status	ECD	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
1	In Q3, 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.	On-Track	Sep-25		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 Q3 ED monitored 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 Q3 ED monitored 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.
					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, in Q3 ED monitored 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.

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.