Payment Integrity Scorecard

Program or Activity	Reporting Period	FY 2025 Overpayment Amount ($M)*	$338
Federal Pell Grant Program	Q3 2026		

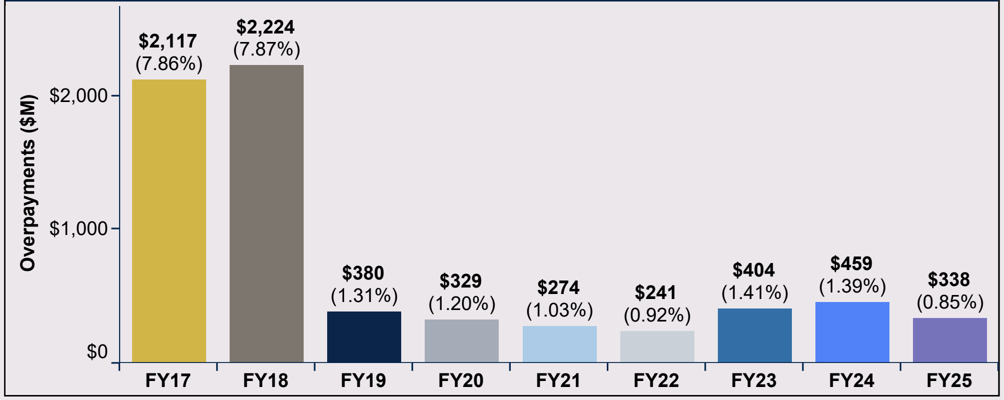
*Estimate based a sampling time frame starting 10/2023 and ending 9/2024

ED
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 HEA 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 2026-27 Free Application for Federal Student Aid (FAFSA) that utilizes the Federal Tax Information (FTI) Module (FTIM). FTIM is a FSA system designed to ensure data security and compliance with IRS Publication 1075 requirements. FSA will continue to 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 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, FSA hosted a live webinar where participant were encouraged participate in Q/A sessions. During this webinar, discussions were held on the key principles for awarding Pell Grant Formula 4 for student in clock-hour and non-term credit-hour programs including how academic year definitions, instructional time, payment periods, enrollment intensity, scheduled awards, and rounding affect Pell Grant awarding.

	Accomplishments in Reducing Overpayment	Date
1	FSA hosted a live webinar on the key principles for awarding Pell Grant Formula 4 for students in clock-hour and non-term credit-hour programs. This included how definitions, instruction, enrollment, awards and rounding affect Pell Grant awarding.	Apr-26
2	The Secretary of Education (Secretary) amended the regulations governing institutional eligibility, general provisions, and the Pell Grant Program under Title IV of the Higher Education Act (HEA) of 1965, as amended (the Title IV, HEA programs).	May-25
3	ED has published the 2027-28 Student Aid Index (SAI) and Pell Grant Eligibility Guide. It's designed to assist financial aid administrators (FAAs) and software vendors by introducing updated calculations for federal student aid eligibility using SAI.	Jun-26

Payment Integrity Scorecard

Program or Activity
Federal Pell Grant Program

Reporting Period
Q3 2026

	Goals towards Reducing Overpayments	Status	ECD
1	In Q3, FSA continued to implement and monitor usage of the FUTURE Act Direct Data Exchange (FA-DDX) to import U.S. income and tax information to the FAFSA Form. Direct access to income and tax information is expected to continue to reduce improper payments due to misreported income on the FAFSA.	On-Track	Sep-26
2	In Q3, FSA delivered various free trainings, guidance, and resources for school financial aid administrators to target and mitigate the root causes of IP. For example, FSA hosted a live webinar on the key principles for awarding Pell Grant Formula 4 for student in clock-hour and non-term credit-hour programs including how academic year definitions, instructional time, payment periods, enrollment intensity, scheduled awards, and rounding affect Pell Grant awarding.	On-Track	Sep-26

	Recovery Method	Brief Description of Plans to Recover Overpayments	Brief Description of Actions Taken to Recover Overpayments
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 collectible. 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
$338M	Overpayments 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.