

# Payment Integrity Scorecard

## Program or Activity

Federal Pell Grant Program

## Reporting Period

Q4 2025

## FY 2024 Overpayment Amount (\$M)\*

**\$459**

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



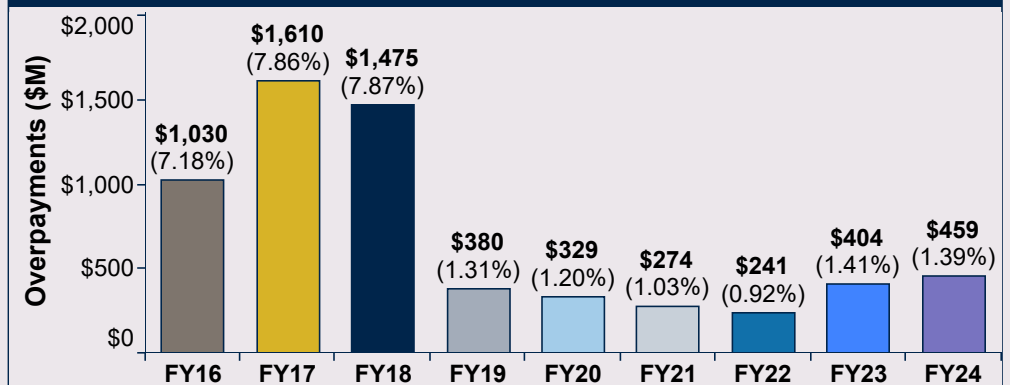
**ED**

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 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 Q4, FSA continued to socialize and monitor submissions of the 2025-26 Free Application for Federal Student Aid (FAFSA) that utilizes the Federal Tax Information (FTI) Module (FTIM). FTIM is a relatively 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 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 Q4 and will continue to publish and deliver free trainings, guidance, and resources for school administrators to target the root causes of IPs. For example, in Q4, FSA provided guidance via electronic announcements guidance on the use of Federal Tax Information (FTI), Free Application for Federal Student Aid (FAFSA) Data, and Non-FAFSA Data. Specifically, information on the access, disclosure, and use of FTI, FAFSA, and non-FAFSA data by institutions of higher education. FSA plans to hold the annual FSA Training Conference in 2026. The FSA Training Conference has been the largest conference for the financial aid community, and one of the largest in the federal government.

Accomplishments in Reducing Overpayment		Date
1	FSA 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
2	FSA launched a nationwide effort to enhance the 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
3	FSA announced changes to the 26-27 FAFSA Form (i.e., updates to Student Aid Index calculation) and Pell Grant Eligibility criteria (i.e., foreign income added to the adjust gross income), as required by the One Big Beautiful Bill Act.	Aug-25

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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
1	In Q4, 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.	Completed	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 Q4 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	In Q4, 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 hosts a live webinar series that covers a variety of topics related to Title IV program compliance. A recent session described statutory/regulatory updates. FSA also shared operational information and reminders during these sessions. Participants were encouraged to engage and ask questions during the webinar.	Completed	Sep-25	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 Q4 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 Q4 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.