# U.S. Department of Education

# FY 2019 Statistically Valid and Rigorous Improper Payment Methodology for the Immediate Aid to Restart School Operations Program & the Temporary Emergency Impact Aid for Displaced Students Program

**Introduction**

Simplifying and accelerating access to disaster relief funds while minimizing errors and the potential for fraud remains a Department priority. To this end, the Department’s management is committed to improper payment prevention, mitigation, and reduction and continues to strengthen improper payment controls, and develop and enhance estimation methodologies and analytics to monitor Department programs. Accurate improper payment estimation is essential to achieving these objectives and will continue to inform root cause analysis and corrective actions, as described in part in the [Fiscal Year (FY) 2019 Agency Financial Report (AFR)](http://www2.ed.gov/about/reports/annual/index.html).

**The Departments Programs Susceptible to Significant Improper Payment Risk**

Supplemental funding for disaster relief was made available by the *Supplemental Appropriations for Disaster Relief Requirements of 2017* (Pub. L. 115-56), the *Additional Supplemental Appropriations for Disaster Relief Requirements Act of 2017* (Pub. L. 115-72), and the *Bipartisan Budget Act of 2018* (Pub. L. 115-123). As required by Pub. L. 115-123, all supplemental disaster relief funding received under these three laws is deemed susceptible to significant improper payments.

In FY 2019, the Department began monitoring outlays of grant programs receiving funding for disaster relief. The Department of Education (the Department) identified both the Immediate Aid to Restart School Operations Program (Restart Program) and the Temporary Emergency Impact Aid for Displaced Students Program (Emergency Impact Aid Program) as having distributions exceeding $10 million in FY 2018 and therefore being susceptible to significant improper payments.

The Restart Program awards grants to eligible State Education Agencies (SEAs) to assist eligible Local Education Agencies (LEAs) and non-public schools with expenses related to the restart of elementary schools and secondary schools in areas impacted by a covered disaster or emergency. Funds may be used to assist school administrators and personnel in restarting school operations, re-opening schools, and reenrolling students.

The Emergency Impact Aid Program awards emergency impact aid funding to SEAs. SEAs provide subgrants to LEAs to reimburse the costs of educating students enrolled in public schools (both traditional and charter) and non-public elementary and secondary schools, who were displaced by a covered disaster or emergency.

### Statistically Valid and Rigorous Estimation Method

The Department designed and selected statistical payment samples to estimate the percentage and dollar value of improper payments for each program’s disbursements associated with supplemental disaster relief funding. Payment sample testing that occurred in FY 2019 was for the prior FY 2018 payment populations.

The Department downloaded the prior fiscal year’s data for all disaster-related programs via the Department’s grants management system (G5). The data was filtered for the Restart Program, Catalog of Federal Domestic Assistance (CFDA) 84.938A, and the Emergency Impact Aid Program (CFDA 84.938C) for payments greater than $0. For states that received funding in the prior FY, the Department initiated calls with the states’ program directors for each program, requesting the state’s prior FY disbursement data from each of the states’ financial management systems. The data was based on amounts distributed from the SEAs to the LEAs. For each state, the sampling frame represented the list of prior FY payments from which the statistical sample was selected.

The sample design was developed in accordance with the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012, Improper Payments Elimination and Recovery Act (IPERA) of 2010, the Improper Payments Information Act (IPIA) of 2002, and the sampling guidance provided in the Office of Management and Budget (OMB) Circular A-123, Appendix C as revised by OMB document M-18-20, *Requirements for Payment Integrity Improvement.* The goal of the process was to obtain an overall estimate of the percentage of improper payment dollars within +/- 3 percent precision at the 95 percent confidence level consistent with the requirements for a statistically valid and rigorous plan.

Once the samples were selected the Department obtained the supporting documentation for each payment. That supporting documentation was reviewed for each sample payment a determination was made if there were any overpayments or underpayments. For each overpayment and underpayment finding an additional review was conducted to validate that it was an improper payment. Results were provided to statisticians to determine the statistically valid improper payment rate.

### Immediate Aid to Restart School Operations Program (Restart Program)

For the selection of sample payments, the Department obtained the supporting documentation for each payment and reviewed it to determine if there were any overpayments or underpayments. Supporting documentation included LEA applications, payment vouchers, invoices and vendor contracts, but varied based on the state. For each overpayment and underpayment finding, the Department identified if it qualified as an improper payment. The Department then performed calculations of the payment to estimate the total improper payments for each sampled payment. As a result of the testing procedures performed on the statistical sample of payments, the Department did not identify any improper payments in the Restart Program disaster relief sample.

Based on this analysis, the Restart Program error rate for FY 2019 was **0** percent or $**0** million.

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| **FY 2019 Restart Program Estimate** | | | | | |
| Point Estimate of Improper Payment (in millions) | Over-Payment Improper Payment Estimate  (in millions) | Under-Payment Improper Payment Estimate  (in millions) | Unknown Improper Payment Estimate  (in millions) | Point Estimate (as % of Population Total) | Precision Rate (as a % of Population Total) based on 95% Confidence Interval |
| $0 | $0 | $0 | $0 | 0% | +/- 2.45% |

### Temporary Emergency Impact Aid for Displaced Students Program (Emergency Impact Aid Program)

For the selection of sample payments, the Department obtained the supporting documentation for each payment and reviewed it to determine if there were any overpayments or underpayments. Supporting documentation included LEA applications, payment vouchers, and invoices, but varied based on the state. For each overpayment and underpayment finding, the Department identified if it qualified as an improper payment. The Department then performed calculations of the payment to estimate the total improper payments for each sampled payment. As a result of the testing procedures performed on the statistical sample of payments, the Department identified improper payments in the Emergency Impact Aid Program disaster relief sample.

Based on this analysis, the Emergency Impact Aid Program error rate for FY 2019 was **2.42** percent or **$3.87** million.

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| **FY 2019 Emergency Impact Aid Program Estimate** | | | | | |
| Point Estimate of Improper Payment (in millions) | Over-Payment Improper Payment Estimate  (in millions) | Under-Payment Improper Payment Estimate  (in millions) | Unknown Improper Payment Estimate  (in millions) | Point Estimate (as % of Population Total) | Precision Rate (as a % of Population Total) based on 95% Confidence Interval |
| $3.87 | $3.87 | $0[[1]](#footnote-1) | $0 | 2.42% | +/- 1.20% |

1. In FY 2019, Emergency Impact Aid’s estimated underpayments totaled just $39.50 (not in millions) resulting in an improper payment rate of <0.01% [↑](#footnote-ref-1)