

U.S. Department of Education
FY 2020 Improper Payment Methodology & Estimation Results for the Immediate Aid to Restart School Operations Program, the Temporary Emergency Impact Aid for Displaced Students Program & Emergency Assistance to Institutions of Higher Education

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 \(FY\) 2020 Agency Financial Report \(AFR\)](#).

The Department's Programs Susceptible to Significant Improper Payment Risk

In FY 2020, the Department continued monitoring outlays of grant programs receiving funding for disaster relief. According to OMB Memorandum M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations*, any disaster-related program with \$10 million or more in outlays in a given fiscal year is deemed susceptible to significant improper payments.

Three Department programs met this criterion:

1. **Immediate Aid to Restart School Operations (RESTART)** (*Catalog of Federal Domestic Assistance [CFDA] 84.938A*)- The RESTART program awards grants to eligible state educational agencies (SEAs) to assist eligible local educational 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.
2. **Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid)** (*CFDA 84.938C*) - 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.
3. **Emergency Assistance to Institutions of Higher Education program (EAI)** (*CFDA 84.938T*) - The EAI program awards grants for emergency assistance to eligible Institutions of Higher Education (IHEs) for which a major disaster or emergency has been declared. Funds awarded assist activities directly related to mitigating the effects of a covered disaster or emergency on students and institutions. To the extent possible, EAI prioritizes projects that support students who are homeless or who are at risk of becoming homeless as a result of displacement related to a covered disaster or emergency; and IHEs that have sustained extensive damage by a covered disaster or emergency.

Statistically Valid and Rigorous Estimation Method

For each susceptible program, the Department designed a statistical sampling methodology and selected payment samples to estimate the percentage and dollar value of improper payments. Payment sample testing that occurred in FY 2020 was for the prior fiscal year (FY 2019) payment populations. The Department downloaded FY 2019 data for these

programs from its grants management system (G5). The data was filtered by CFDA for payments greater than \$0. For states that received payments in FY 2019, the Department contacted the states' program directors requesting their state's FY 2019 disbursement data from its financial management system. Data was based on payment amounts distributed from the SEAs to the LEAs. For each state, the sampling frame represented the list of FY 2019 payments from which the statistical sample was selected.

The sample design was developed in accordance with 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 and a determination was made whether there were any overpayments or underpayments. For each improper payment, the Department identified whether it was an overpayment, underpayment, or unknown. Results were analyzed by statisticians, who performed calculations from the sampled payments to produce a statistically valid estimated improper payment rate for each program, presented below.

Immediate Aid to Restart School Operations Program (RESTART)

Supporting documentation varied from state to state, but included LEA applications, payment vouchers, invoices and vendor contracts. As a result of testing procedures, the Department identified improper payments in the RESTART disaster relief program. The RESTART program payment error rate for FY 2020 was **18.90** percent or **\$28.99** million.

FY 2020 RESTART 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
\$28.99	\$.46	\$0	\$28.53	18.90%	+/- 4.49%

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

Supporting documentation for Emergency Impact Aid payments varied from state to state, but included LEA applications, payment vouchers, and invoices. As a result of testing procedures, the Department identified improper payments in the Emergency Impact Aid disaster relief program. The Emergency Impact Aid payment error rate for FY 2020 was **28.49** percent or **\$51.99** million.

FY 2020 Emergency Impact Aid 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
\$51.99	\$4.23	\$0	\$47.76	28.49%	+/- 8.14%

Emergency Assistance to Institutions of Higher Education program (EAI)

Supporting documentation for EAI payments varied based on the individual Institutions of Higher Education (IHEs), but included payment vouchers and invoices. As a result of the testing procedures, the Department identified improper payments in the EAI disaster relief program. The EAI payment error rate for FY 2020 was **3.03** percent or **\$.55** million.

FY 2020 EAI 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
\$.55	\$0	\$0	\$.55	3.03%	+/- .002%