# U.S. Department of Education FY 2021 Improper Payment Methodology & Estimation Results for the Immediate Aid to Restart School Operations (RESTART) Program, the Temporary Emergency Impact Aid for Displaced Students (Emergency Impact Aid) Program, the Emergency Assistance to Institutions of Higher Education (EAI) Program, and the Title I, Part A - Grants to LEAs (Title I) Program

## Introduction

Simplifying and accelerating access to critical education program funds (including those used for disaster relief) while minimizing payment errors and the potential for fraud remains a priority of the U.S. Department of Education (Department). To this end, the Department is committed to improper payment prevention, mitigation, and reduction and it continues to strengthen improper payment controls, develop, and enhance estimation methodologies, and perform data analytics to monitor the Department’s programs and activities. 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) 2021 Agency Financial Report (AFR).](http://www2.ed.gov/about/reports/annual/index.html)

## The Department’s Programs Susceptible to Significant Improper Payments

In FY 2021, the Department continued monitoring outlays of education grant programs receiving funding. Four non-Federal Student Aid grant programs were determined to be high risk or “susceptible to significant improper payments.”

According to Office of Management and Budget (OMB) Memorandum [M-18-14](https://www.whitehouse.gov/wp-content/uploads/2018/03/M-18-14.pdf), *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. In FY21, three 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 re-enrolling 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 because of displacement related to a covered disaster or emergency; and IHEs that have sustained extensive damage by a covered disaster or emergency.

According to OMB Memorandum [M-21-19](https://www.whitehouse.gov/wp-content/uploads/2021/03/M-21-19.pdf), *Transmittal of Appendix C to OMB Circular A-123, Requirements of Payment Integrity Improvement*, all programs with annual outlays greater than $10 million must be assessed for payment integrity risk at least every 3 years. Programs whose improper payments exceed (or are likely to exceed) statutory thresholds of either $10M and 1.5% of outlays or $100M move to Phase 2 and an improper payment estimate is obtained. In FY21, the following Education program met this criteria:

1. **Title I, Part A (Title I)** *(CFDA 84.010A)* - Title I, Part A (Title I) of the Elementary and Secondary Education Act, as amended by the Every Student Succeeds Act (ESEA) provides financial assistance to LEAs and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. Federal funds are currently allocated through four statutory formulas that are based primarily on census poverty estimates and the cost of education in each state.

## Statistically Valid Estimation Method

For each susceptible program, the Department designed a statistically valid sampling methodology and select payment samples to estimate the percentage and dollar value of improper payments. Payment sample testing that occurred in FY 2021 was for the prior fiscal year (FY2020) payment populations. The Department downloaded FY2020 data for these programs from its grants management system (G5). The data were filtered by CFDA for payments greater than $0.

* For the RESTART, Emergency Impact Aid and Title I programs, the Department contacted each state’s program director requesting their state’s FY2020 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 2020 payments from which the statistical sample was selected.
* For the EAI program, disbursement data were obtained from IHEs. Data was based on payment amounts distributed by the IHE and, for each IHE, the sampling frame represented the list of FY 2020 payments from which the statistical sample was selected.

The sample design for each program was developed in accordance with sampling guidance provided in the OMB Circular A-123, Appendix C, via transmittal memo M-21-19, with the goal of obtaining a statistically valid estimate of the dollar amount and percentage of improper payments.

Once samples were selected, the Department obtained and reviewed the supporting documentation for each payment at the expenditure level. A determination was made whether there were any improper payments, noting overpayments and underpayments as well as technically improper and unknown payments. 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.

## RESTART Program

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 did not identify any improper payments in the RESTART disaster relief program. The RESTART program payment error rate for FY2021 was **0** percent or $**0.00**.

**FY 2021 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 |
| --- | --- | --- | --- | --- | --- |
| $0.00 | $0.00  | $0.00 | $0.00  | 0.00% | +/- 0.00% |

## Emergency Impact Aid Program

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 2021 was **0.95** percent or **$0.21** million.

**FY 2021 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 |
| --- | --- | --- | --- | --- | --- |
| $0.21 | $0.21 | $0.00 | $0.00 | 0.95% | +/- 1.18% |

## EAI program

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 testing procedures, the Department did not identify any improper payments in the EAI disaster relief program. The EAI program payment error rate for FY2021 was **0** percent or $**0.00**.

**FY 2021 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 |
| --- | --- | --- | --- | --- | --- |
| $0.00  | $0.00 | $0.00 | $0.00  | 0.00% | +/- 0.00% |

## Title I program

Supporting documentation for Title I payments varied from state to state but included payment vouchers and invoices. As a result of the testing procedures, the Department identified improper payments in the Title I program. The Title I payment error rate for FY 2021 was **14.77** percent, or **$2,203.88** million.

**FY 2021 Title I 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 |
| --- | --- | --- | --- | --- | --- |
| $2,203.88 | $2,203.88 | $0.00 | $0.00 | 14.77% | 13.63% |

For detailed information on Emergency Impact Aid, Restart, EAI, and Title I improper payment estimates in FY 2021, and prior years, please visit <https://paymentaccuracy.gov>.