

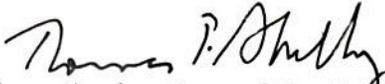


UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

**DATE** : April 30, 2013

**TO** : Ms. Kathleen Tighe, Inspector General  
Office of the Inspector General

**FROM** : Thomas P. Skelly   
Delegated to perform the functions of the Chief Financial Officer  
Office of the Chief Financial Officer

**SUBJECT** : Report on High-Dollar Overpayments for the Quarter Ended March 31, 2013

The purpose of this memorandum is to comply with the high-dollar overpayments reporting requirements addressed in the Office of Management and Budget (OMB) implementation guidance M-10-13, dated March 22, 2010, relative to Executive Order 13520. The OMB guidance requires agencies to submit quarterly reports on high-dollar overpayments to the Office of Inspector General, and the Council of Inspectors General on Integrity and Efficiency.

During the reporting period covering January 1, 2013 through March 31, 2013, the U. S. Department of Education identified high-dollar overpayments totaling \$553,220. See the Attachment for additional details.

The Department is committed to ensuring the integrity of its programs and is focused on identifying and managing the risk of improper payments and mitigating the risk with adequate control activities. The Department will continue to work closely with the Office of Inspector General and OMB to explore additional opportunities for identifying and reducing potential improper payments.

If you have any questions, please contact Tim Soltis at (202) 245-6555.

cc: w/attachment  
Ms. Phyllis Fong, Chair  
Council of the Inspectors General  
on Integrity and Efficiency

Mr. Danny Werfel, Controller  
Office of Federal Financial Management  
Office of Management and Budget

**U.S. Department of Education  
High-Dollar Overpayments  
January 1, 2013 to March 31, 2013**

Date	Amount	Payment Type (Individual / Entity)	Location			Cognizant Program	Recovery Action(s) Taken / Planned
			City	County	State		
Various dates between July and December 2012	\$13,769,787 in overpayments; however, only \$553,220 of this amount meets the threshold for high dollar overpayments	Various	Various	Various	Various	Pell Grants	On November 28, 2012, the Department was made aware of improper payments that were being issued during the 2012-2013 award year to Pell grant recipients. The overpayments were the result of improper calculations that did not include the legislative changes to Federal Pell Grant Duration of Eligibility for students who had reached their lifetime eligibility in the Pell Grant program. A total of 12,206 overpayments were made in the amount of \$13,769,787. Most of these overpayments were less than \$5,000. Only 101 payments totaling \$553,220 met the threshold for being considered high-dollar overpayments.
							The Department quickly initiated a targeted campaign with colleges and universities to correct these award errors and recover the improper payments. To date, approximately \$6.2 million of the total improper Pell Grant awards has been recovered. The Department continues working to recover the remaining \$7.6 million, including through a new round of direct telephone outreach that began April 25, 2013.

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**U.S. Department of Education  
High-Dollar Overpayments  
January 1, 2013 to March 31, 2013**

Date	Amount	Payment Type (Individual / Entity)	Location			Cognizant Program	Recovery Action(s) Taken / Planned	Future Preventive Action(s)
			City	County	State			
Various dates between July and December 2012	\$13,769,787 in overpayments; however, only \$553,220 of this amount meets the threshold for high dollar overpayments	Various	Various	Various	Various	Pell Grants	<p>On November 28, 2012, the Department was made aware of improper payments that were being issued during the 2012-2013 award year to Pell grant recipients. The overpayments were the result of improper calculations that did not include the legislative changes to Federal Pell Grant Duration of Eligibility for students who had reached their lifetime eligibility in the Pell Grant program. A total of 12,206 overpayments were made in the amount of \$13,769,787. Most of these overpayments were less than \$5,000. Only 101 payments totaling \$553,220 met the threshold for being considered high-dollar overpayments.</p> <p>The Department quickly initiated a targeted campaign with colleges and universities to correct these award errors and recover the improper payments. To date, approximately \$6.2 million of the total improper Pell Grant awards has been recovered. The Department continues working to recover the remaining \$7.6 million, including through a new round of direct telephone outreach that began April 25, 2013.</p>	<p>During FY 2012, the Department made enhancements to the Common Origination and Disbursements (COD) system, Central Processing System (CPS), and National Student Loan Data System (NSLDS) to provide schools with more immediate access to Pell Grant information regarding the Lifetime Eligibility Used (LEU) data. System edits were completed in phases to provide schools Pell Grant information for the 1993-2012 award years.</p> <p>However, this improper payment event demonstrated that additional data and controls are necessary to prevent over-awards. The Department has already added historic Pell Grant data to the COD system for award years prior to 1993-1994. This has allowed schools to recalculate the Pell Grant LEU for all 2012-2013 applicants. The Department is developing and planning to implement additional COD system enhancements by July 2013 to prevent all future occurrences.</p>