

U.S. Department of Education
FY 2024 Improper Payment Methodology & Estimation Results for
the Education Stabilization Fund (ESF) Program

Introduction

Simplifying and accelerating access to critical education program funds 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 payment integrity 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 \(FY\) 2024 Agency Financial Report \(AFR\)](#).

The Department's Programs Susceptible to Significant Improper Payments

According to OMB Memorandum [M-21-19](#), *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 once 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 FY 2024, the following Education (non-Federal Student Aid) grant program met this criterion and was determined to be "susceptible to significant improper payments":

1. **Education Stabilization Fund (ESF)** (*CFDA 84.425*) –The ESF program was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in March 2020, with subsequent allocations to the Fund codified through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act), and the American Rescue Plan (ARP Act). The ESF is an investment of over \$276 billion and is composed of relief funds that support State and institutional efforts to prevent, prepare for, and respond to the coronavirus impacts on our nation's students. Programs created under the ESF investment include: Education Stabilization Fund Discretionary Grants; Governor's Emergency Education Relief Fund; Elementary and Secondary School Emergency Relief Fund, Homeless Children and Youth, Emergency Assistance to Non-Public School, Outlying Areas, Bureau of Indian Education; and Higher Education Emergency Relief Fund.

Statistically Valid Estimation Method

For each susceptible program, the Department designed a statistically valid sampling methodology and tested selected payment samples in order to estimate the percentage and dollar value of improper payments. Payment sample testing that occurred in FY 2024 was for the prior fiscal year (FY 2023)

payment populations. The Department downloaded FY 2023 data from its grants management system (G5). The data was filtered by CFDA for payments greater than \$0.

- Disbursement data were also obtained from Institutions of Higher Education (IHEs). Data was based on payment amounts distributed by the IHE and, for each IHE, the sampling frame represented the list of FY 2023 payments from which the statistical sample was selected.

The sample design 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, presented below.

ESF program

Supporting documentation for ESF payments to the grantees in this population, which consists of Institutes of Higher Education (IHEs), State Education Agencies (SEAs), Governors, and State Workforce Boards (SWBs), included payment vouchers and invoices. As a result of testing procedures, the Department identified improper payments in the ESF program. The FY 2024 ESF payment error rate is **.0002%** percent, or **\$0.10** million. The program reported no technically improper or unknown payments in FY 2024.

FY 2024 ESF Estimate

Point Estimate of Improper Payment (in millions)	Over-Payment Improper Payment Estimate (in millions)	Under-Payment Improper Payment Estimate (in millions)	Technically 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
\$0.10	\$0.098421	\$0.00019	\$0	\$0	0.0002%	+/- 5%

For detailed information on ESF improper payment estimates in FY 2024 and prior years, please visit <https://paymentaccuracy.gov>.