

Analysis of
Quality
Assurance
Program
Data:

2015-2016

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Executive Summary

Schools that participated in the U.S. Department of Education's Quality Assurance (QA) Program, administered by Federal Student Aid (FSA), developed their own school procedures for verifying the accuracy of the information that students report on their Free Application for Federal Student Aid (FAFSA).

During the 2015-2016 award year, schools participating in the QA Program (QA schools) analyzed Institutional Student Information Record (ISIR) data from applications that met the schools' customized verification selection criteria. This report presents the program-wide analysis of these data. Because the AY 2015-2016 data are limited to ONLY applications that met one or more QA school verification criteria, the primary focus of this report is on the corrections detected by the QA school verification efforts and not on possible additional corrections these school verification efforts may have missed.

When interpreting the results presented in this report, it is important to keep in mind that participating QA schools were not a random subset of all schools participating in the Title IV programs, but rather schools that self-selected to participate in the QA Program. Participating QA schools were primarily public, four-year, institutions with large enrollments and thus awarded a proportionally greater share of federal financial aid funds than the small number of schools participating in the QA program might suggest. While only 129 schools supplied QA Program data for the 2015-2016 award year, collectively these schools disbursed over 12 percent of all Federal Pell Grant dollars for the prior 2014-2015 award year.

- The percentage of over-payments and under-payments detected through QA school verification procedures has remained fairly consistent since the 2009–2010 award year.
- In the fall of 2015, FSA determined that the QA Program had sufficiently demonstrated that the verification of student aid application information could be effectively targeted at the applicants most likely to initially report inaccurate information that would affect eligibility for need-based aid. Furthermore, FSA concluded that federal verification procedures had sufficiently incorporated this insight into its empirically-based methodology for setting the Central Processing System's (CPS) verification selection criteria used to identify which aid applicants' postsecondary institutions, not participating in the QA Program, must verify before the awarding or disbursement of federal financial aid.

- Responses of QA schools to a 2017 survey indicated that participating schools maintained high levels of satisfaction concerning their participation in the QA Program through the program's conclusion.

Introduction

Federal, state, and private financial aid programs help students and their families finance higher education. Many of these student financial aid programs are “need-based.” Need-based programs target those students with the least ability to pay for college. This targeting of aid is based on student and parental self-reports about their income and assets. Therefore, ensuring the accuracy of the student and family’s reported economic circumstances plays an important role in maintaining the integrity of federal financial aid programs. Colleges and universities routinely are required to check the accuracy of aid applications by complying with a process called “verification.” This report examines the verification processes at schools that participated in the Quality Assurance (QA) Program of the U.S. Department of Education (ED), Federal Student Aid (FSA).

Schools that participated in the QA Program developed their own procedures for verifying the accuracy of the information that students supply on their Free Application for Federal Student Aid (FAFSA), especially those elements used to calculate the students’ EFC (Expected Family Contribution). The FAFSA information is sent electronically to schools as an Institutional Student Information Record (ISIR). The ISIR includes all the elements the student applicant reported on their FAFSA, including those used to calculate the students’ EFC. The difference between the estimated total cost of attending a specific college or university and a student’s EFC determines his or her financial “need” and eligibility for need-based Title IV financial aid. Undergraduate FAFSA applicants who met all other Pell Grant and general Title IV eligibility criteria, determined to have a calculated EFC of less than 5199 for the 2015–2016 award year, were eligible for a Pell Grant.

The QA Program began as a pilot to test the feasibility of providing regulatory flexibility to a limited group of schools, allowing them to develop their own processes for verifying information provided by Title IV student aid applicants on their FAFSA. The pilot was a corrective action in response to findings from national quality control studies questioning the effectiveness of the Department’s approach at the time of random selection of applicants for verification. The pilot evolved into the QA Program, which exempted schools participating in the QA program from specific regulatory requirements related to verification. The QA Program

schools developed their own criteria for (1) selecting FAFSA applicants for verification, (2) determining which FAFSA data elements their student applicants must verify, and (3) defining what will constitute acceptable documentation and the process by which verification will be completed.

The QA Program was authorized under Section 487A(a) of the Higher Education Act as amended (HEA). The QA Program was first included in the HEA in 1992, and its provisions were amended in the 1998 reauthorization of the HEA. Most significantly, the 1998 reauthorization limited the QA Program to regulatory flexibility for matters related to reporting and verification.

Each QA Program school targeted its verification selection criteria on FAFSA data items that were likely to have been misreported when the FAFSA was initially filed and to affect student eligibility for need-based aid when FAFSA information was corrected. QA schools developed verification criteria based on analysis of ISIR records selected for institutional verification from previous award years, as well as data obtained from previously required verification of random samples of all of a school's aid applicants.

The results of this customized verification process at QA schools, presented in this and previously reported analyses of QA program data, have provided valuable information as Federal Student Aid (FSA) developed its national risk model and its "improper payments" analysis. Previous reports are available at:
<http://www.ifap.ed.gov/qahome/report.html>.

The Department continues to enhance its procedures in regard to customizing federal verification (e.g., the creation of verification tracking groups). Adding the availability of the IRS Data Retrieval Tool (DRT) to FAFSA on the Web and applicants using income and tax information from one calendar year earlier makes it easier for aid applicants to complete their initial aid application correctly. The accompanying regulatory changes have allowed the Department to not only select fewer applicants using statistical modeling techniques, but also select a subset of FAFSA items for specific applicants to verify. Like the school-specific verification made possible by the QA Program, more efficient targeting of federal verification has the potential of reducing burden for students, families, and

schools while improving Title IV program integrity, especially in reducing improper payments in the Federal Pell Grant Program.

During the 2015-2016 award year, QA schools analyzed ISIR data from applications that met their school verification selection criteria. Schools uploaded the corresponding ISIRs reflecting initial ISIR information and any subsequent changes they detected into the Department provided ISIR Analysis Tool (the Tool) and used the Tool to generate statistical reports used to evaluate the results of their verification procedures and the potential for improper Pell Grant payments

FSA's Central Processing System (CPS) provided a data file containing the 196,169 ISIRs uploaded by the 129 QA schools for AY 2015-2016. This report presents the program-wide analysis of these data. Again it is important to keep in mind that data are limited to ONLY applications that met one or more QA school verification criteria. Therefore, we focus on the corrections resulting from the QA school verification efforts.

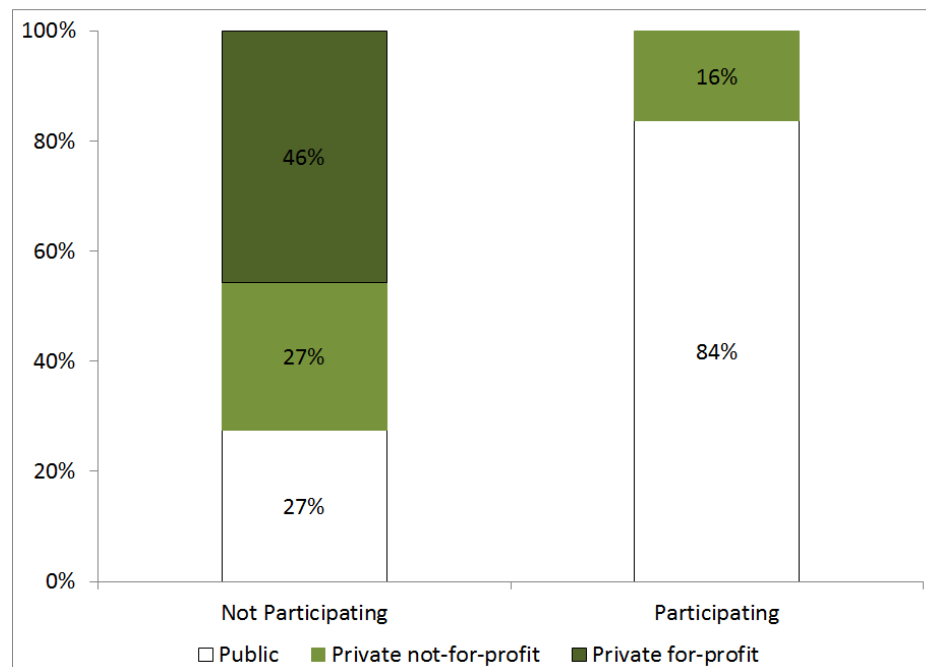
This report begins with a description of the QA Program and the schools participating in the QA program. Next, the report examines the effect of QA school verification on preventing potential improper payments in the Pell Grant program. This is followed by a summary of the results of a survey of the QA Program participating institutions conducted by Federal Student Aid during the spring of 2017.

Description of Schools Participating in the Quality Assurance Program

When interpreting the results presented in this report, it is important to keep in mind that QA schools were not a representative cross-section of all schools participating in Title IV programs. The QA schools chose to participate and therefore were self-selected into the QA Program. Public, four-year, large schools were over-represented among QA Program participants.

See **Figure 1**. While a handful of private not-for-profit schools participated in the QA Program, over 80 percent of program participants were public schools. There were no for-profit schools participating in the QA Program during the 2015-2016 award year.

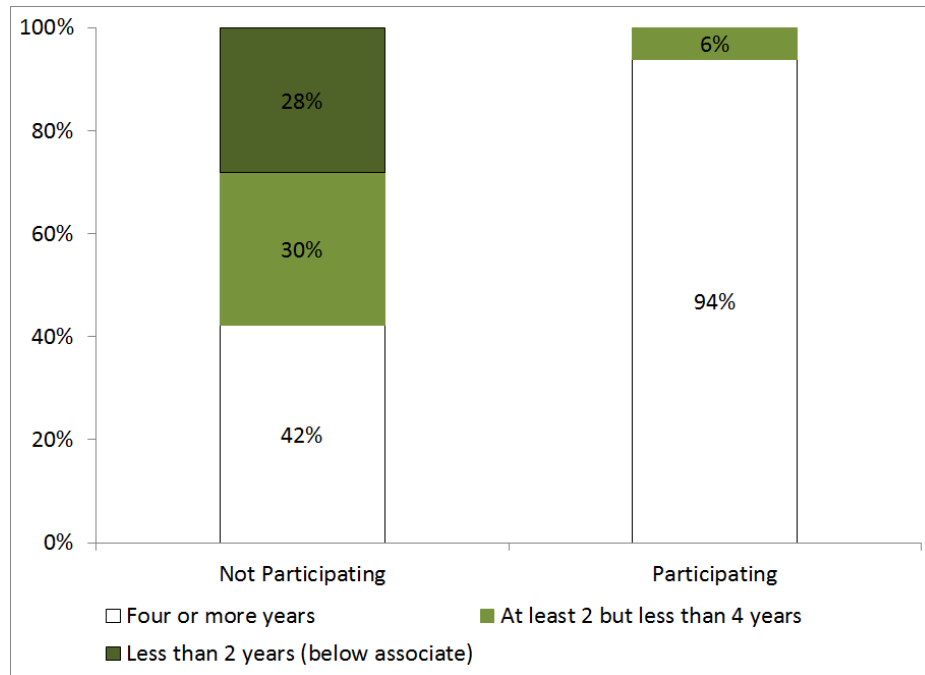
Figure 1: Control of Title IV Postsecondary Schools Participating and Not Participating in the QA Program



Source: *Integrated Postsecondary Education Data System, AY 2015-2016*. Participating N = 129, Not-Participating N = 7,148.

Figure 2 provides a distribution of the highest offering of degrees at schools by QA Program participation status. As the chart illustrates, an overwhelming majority of QA schools were four-year or above degree-granting schools.

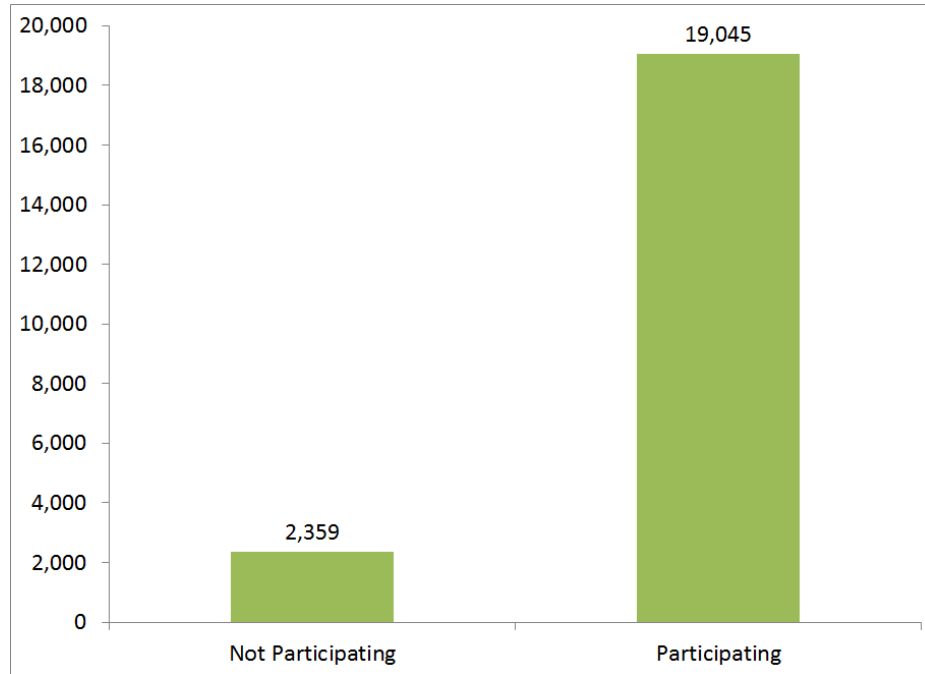
Figure 2: Highest Degree Offering at Title IV Postsecondary Schools Participating and Not Participating in the QA Program



Source: Integrated Postsecondary Education Data System, AY 2015-2016. Participating N = 129, Not-Participating N = 7, 148.

QA schools generally enrolled considerably more students than non-QA schools. **Figure 3** provides the average enrollment at QA schools and non-QA schools. Note that on average, QA schools enrolled nearly ten times as many students as other Title IV institutions submitting enrollment data to ED's Integrated Postsecondary Education Data System (IPEDS).

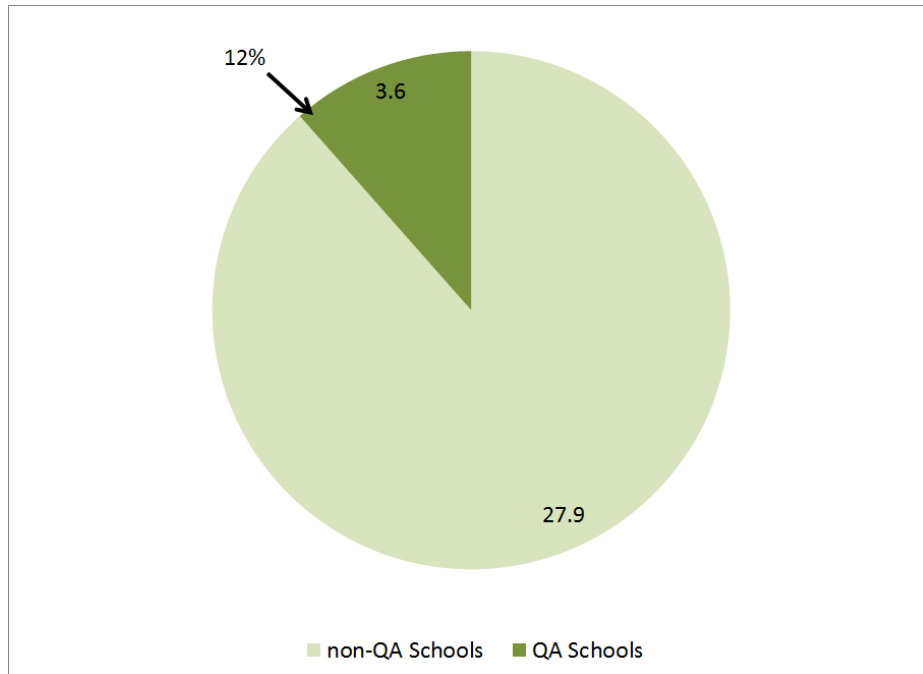
Figure 3: Average Enrollment at Title IV Postsecondary Schools Participating and Not Participating in the QA Program



Source: Integrated Postsecondary Education Data System, AY 2015-2016. Participating N = 129, Not-Participating N = 6,722.

Because they enrolled so many more students than average, QA schools awarded a greater share of federal financial aid than one might expect given the small number of schools participating in the program. While only 129 schools were participating in the QA Program data during the 2015-2016 award year, collectively they disbursed \$3.6 billion dollars of Pell Grants, representing twelve percent of all Pell Grant disbursements made by the Pell Grant program during for the preceding 2014-2015 award year. See **Figure 4**.

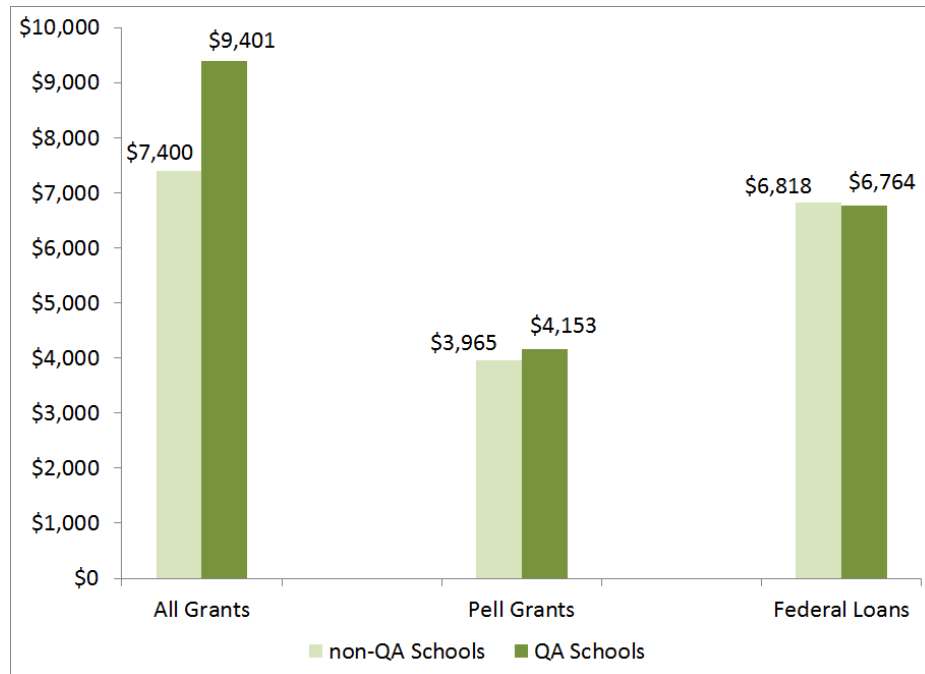
Figure 4: Pell Disbursements during the 2014-2015 Award Year in Billions of Dollars by Quality Assurance Program Participation Status during the 2015-16 Award Year



Sources: National Student Loan Data System, AY 2014-2015 and Quality Assurance Program data.

To check our assumption that the disproportionate Pell Grant volume at QA schools seen in Figure 4 was due to more students, rather than larger awards, we used IPEDS data to calculate the average amount of all grants, Pell Grants, and Direct Loans at QA and non-QA schools. **See Figure 5.** While the average amount of all grants was considerably larger at QA schools (recall that QA schools are disproportionately four or more year schools that often have institutional scholarship funds), the average Pell Grant and Direct Loan amounts were very similar at schools participating and not participating in the QA Program.

Figure 5: Average Student Financial Aid Awarded by QA Program Participation Status

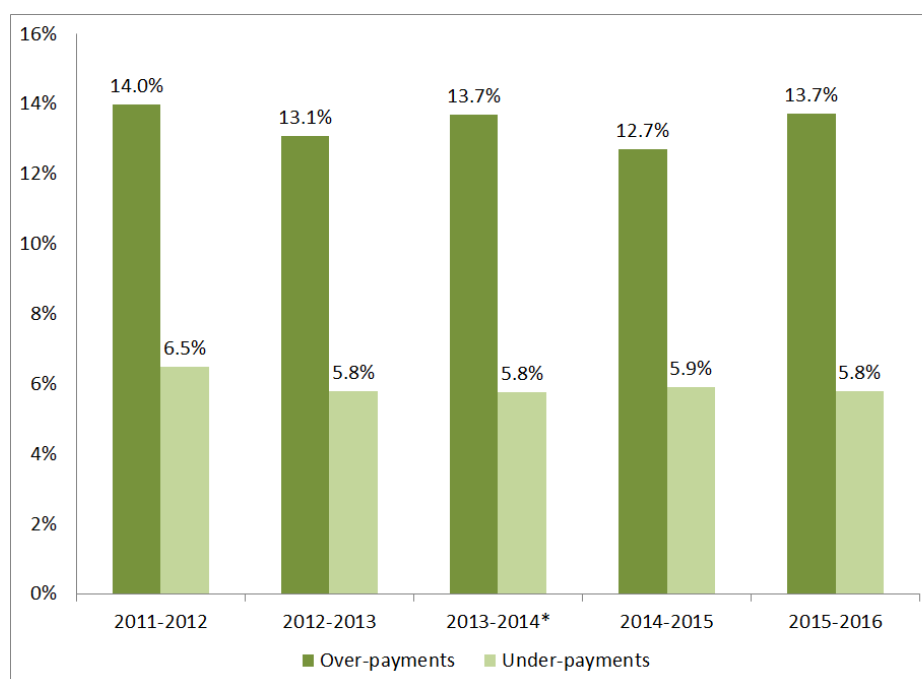


Source: Integrated Postsecondary Education Data System, AY 2015-2016. Participating N = 129, Not-Participating N = 6,849.

Potential Improper Payments in the Pell Grant Program

Below we assess the ability of QA schools to prevent “potential” improper payments in the Pell Grant program. We qualify our results with the word “potential” because an unknown percentage of initial errors students made when completing the FAFSA would have been self-corrected even if they had not been selected for verification. **Figure 6** presents a great deal of consistency in terms of the ability of QA school verification efforts to detect and correct potential improper payments in the Pell Grant program.

Figure 6: Potential Improper Pell Grant Payments Corrected by QA School Verification: AY2011-2012, AY 2012-2013, AY 2013-2014*, AY 2014-2015 and AY 2015-2016



Source: Quality Assurance Program Data. AY 2015-2016, N=194,619, AY 2014-2015, N=203,242, AY 2013-2014, N=77,157, and AY 2012-2013, N=154,667, AY 2011-2012, N=148,290.

*Note that data collected for the 2013-2014 award year represents selected randomly and verified according to the Departments federal selection criteria.

The averages displayed in **Figure 6** are based on records that met QA schools selected for verification. For the 2013-2014 award year, these records were a subset of a randomly selected sample of all student applications that schools participating in the QA program verified using federal verification documentation rules. The values, for all award years, reflect the percent of Pell Grant dollars that would have been improperly

awarded based on the initial transaction, but were corrected by school verification procedures.

In AY 2015-2016, QA school verification efforts prevented Pell Grant over-payments equaling 13.7 percent of the total amount of uncorrected Pell disbursements. The percentage of potential under-payments corrected by QA school verification procedures constituted 5.8 percent of uncorrected Pell disbursements in AY 2015-2016. The potential over- and under-payments in the Pell Grant program corrected by QA school verification efforts has remained fairly consistent since the 2011–12 award year.

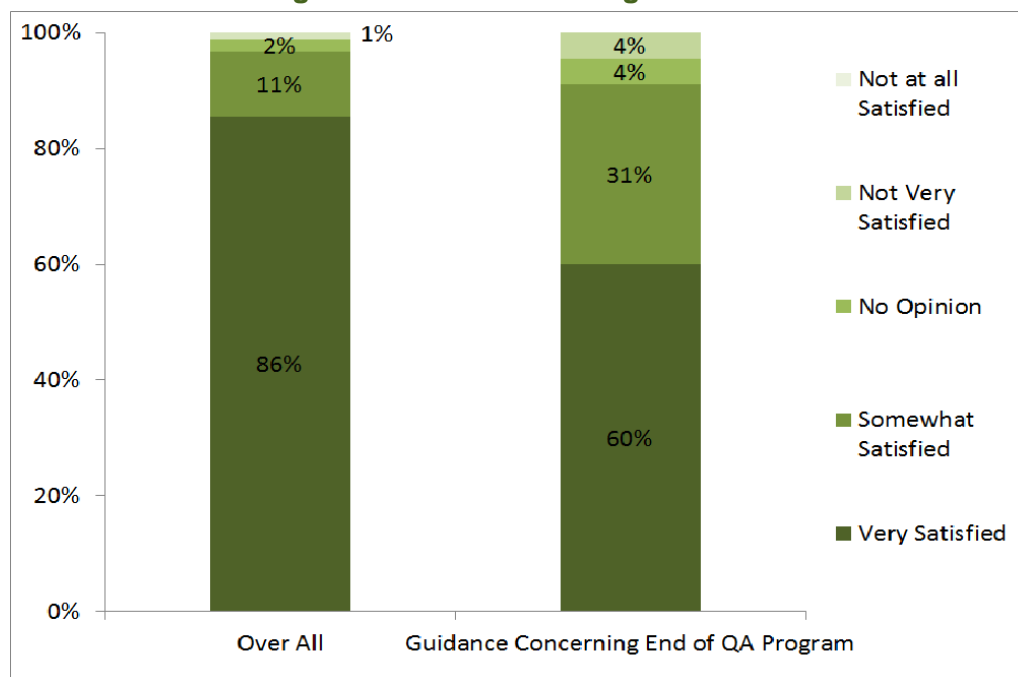
Survey of QA Program Schools

During the spring of 2017, FSA asked the remaining QA Program schools to complete a customer satisfaction survey. This survey solicited feedback from QA program participants on their final year in the program and their immediate plans for verification after the program ends. We provide a copy of the survey questionnaire in the appendix. FSA received 91 responses from the 115 schools participating in the QA Program during its final, 2016-2017 award year, for a response rate of 79%.

After collecting each school’s identifying information, the survey solicited the respondent’s satisfaction with the QA Program in general and with the guidance FSA had provided since the end of the QA Program was announced in November of 2015.

Figure 7 presents the distributions of the responses to the two customer satisfaction questions: “Over all” and with the “end of the QA program guidance.” While schools’ satisfaction with “end of program” was lower than their “Over all” satisfaction, most (60 percent) schools reported being “very satisfied” with the support they received from FSA as the QA Program concluded and over 90 percent reported being at least “somewhat satisfied.”

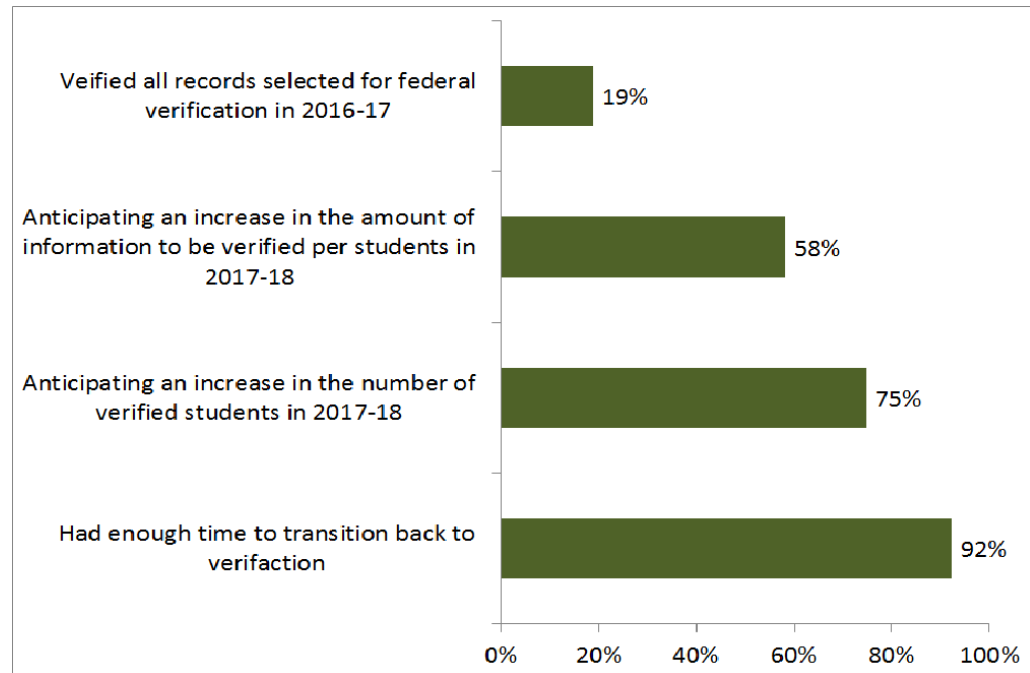
Figure 7: QA Program School Satisfaction over All and with Guidance Received Concerning the End of the QA Program



Source: Survey of Quality Assurance Program Participants, June 2017, N=91.

After the two satisfaction items, QA schools were asked about their school’s plans to transition back to federal verification. A summary of the schools’ responses to these items is provided in **Figure 8**. Over 90 percent of the responding schools indicated they felt they had been given enough time to return to federal verification. Three quarters of survey respondents indicated they expected an increase in the number of students who would require verification after the end of the QA program. Over half indicated they also anticipated an increase in the amount of FAFSA information that they would need to document under federal verification. Fewer than one in five (19 percent) of QA schools responding to the survey verified all records selected for federal verification during 2016-2017.

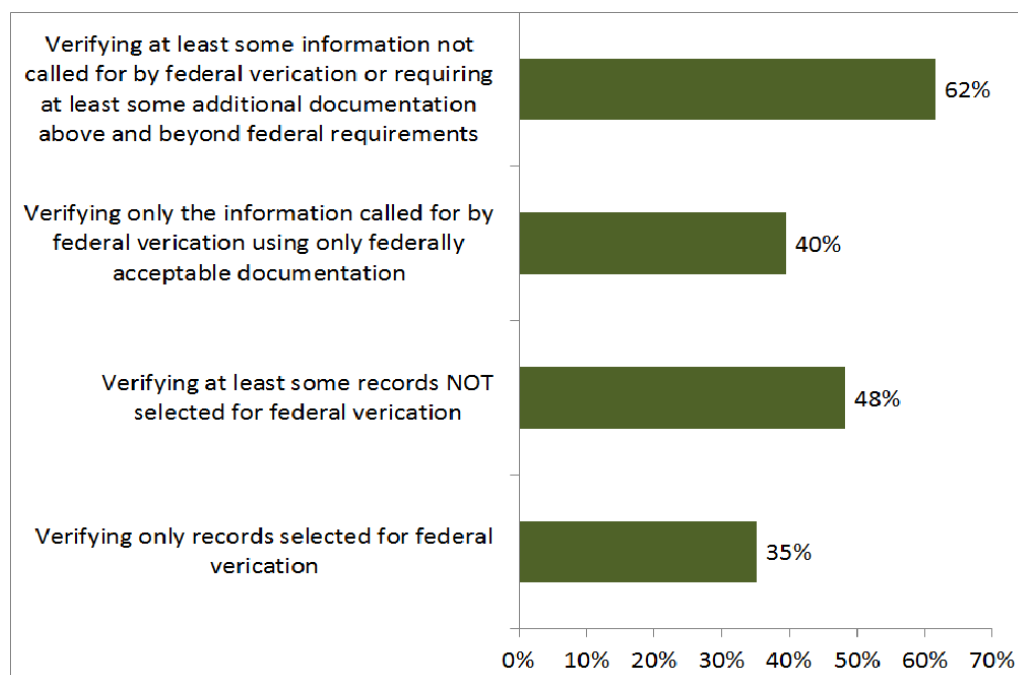
Figure 8: Percentage of QA Schools Indicating Agreement With the Following Statements



Source: Survey of Quality Assurance Program Participants, June 2017, N=91.

The fourth item of the survey asked schools about their expectations for their transition back to complying with federal verification requirements. The percentages of schools anticipating various scenarios are presented in **Figure 9**. Note that the top two and bottom two bars reflect responses to survey items that are mutually exclusive and exhaustive. Logically, the percentage of schools responding “yes” within each pair should sum to one hundred.

Figure 9: Percentage of QA Program Schools Anticipating the Following after the 2016-2017 Award Year



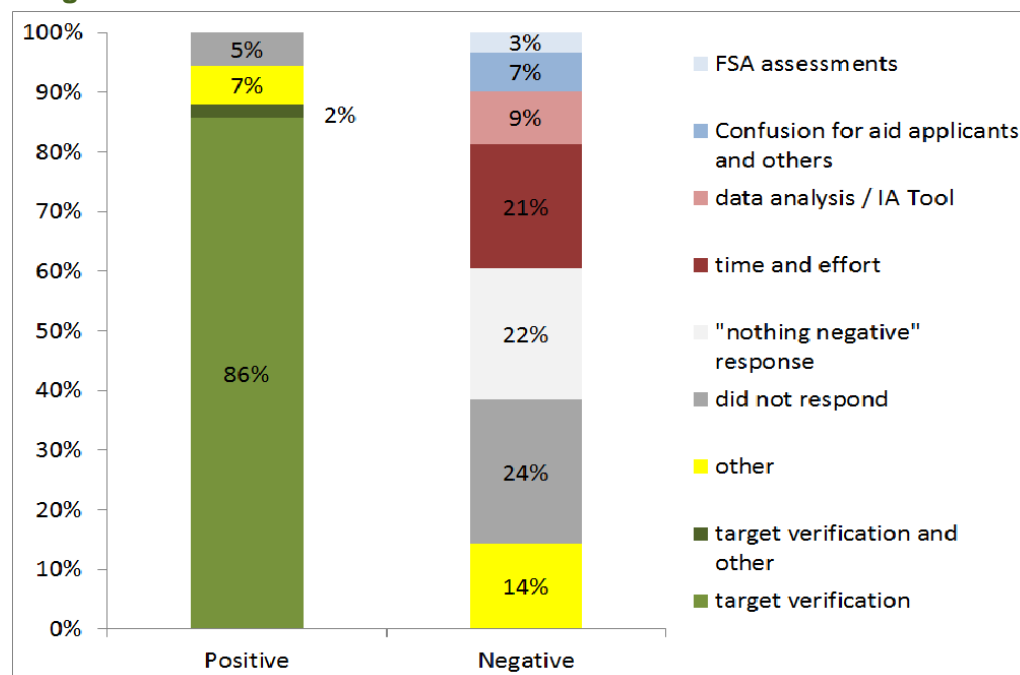
Source: Survey of Quality Assurance Program Participants, June 2017, N=91.

The top bar in **Figure 9** presents the percentage of schools that anticipate requiring additional information or documentation above and beyond federal requirements during 2017-2018. The second bar presents the percentage of schools that envision relying solely on federally proscribed documentation. These two percentages (62 and 40) sum to 102, coming close to the 100 percent they conceptually should total.

There was a greater disparity in the school responses to the survey items concerning the aid applicants schools envision selecting for discretionary verification after the conclusion of the QA Program, represented by the bottom two bars in **Figure 9**. While nearly half (48 percent) of the survey respondents indicated that they planned to verify some records NOT selected for federal verification in 2017-2018, only slightly more than a third (35 percent) indicated they

would limit verification efforts solely to federally selected applicants. The bottom bar on the graph suggests that 65 percent (100 minus 35) planned to extend their verification efforts beyond federally mandated verification.

Figure 10: Positive and Negative Aspects of the Quality Assurance Program



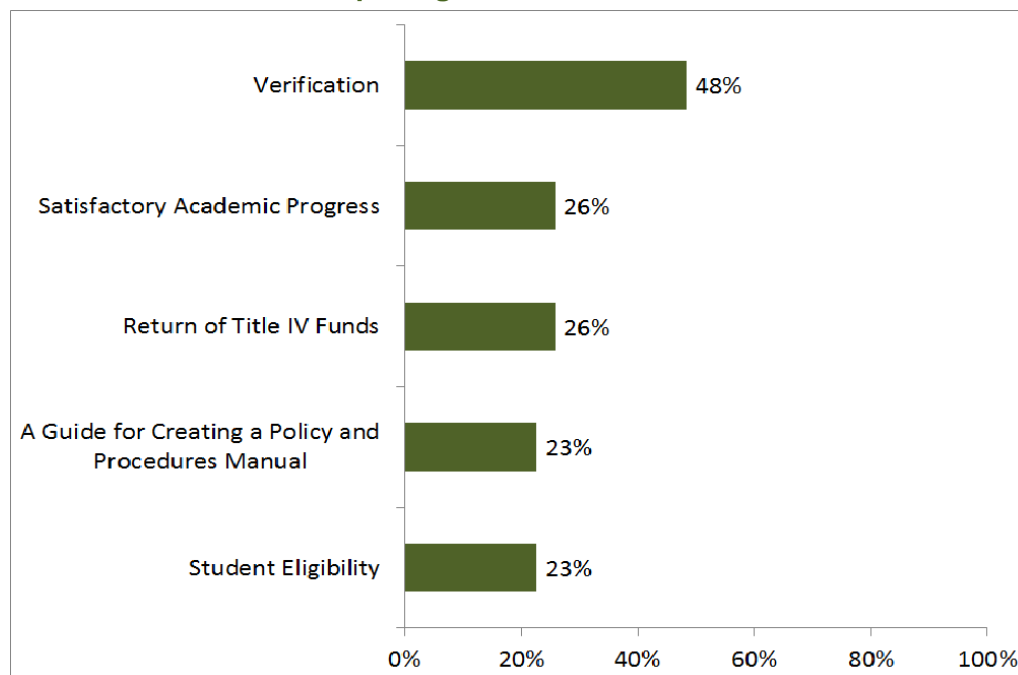
Source: Survey of Quality Assurance Program Participants, June 2017, N=91.

Figure 10 presents the authors’ categorization of the schools’ open-ended responses to the fifth item on the survey. Schools were asked to identify the biggest positive and negative of their participation in the QA Program.

Nearly every school (86%) identified / described the fundamental methodology used by program participants to determine their own verification criteria as the most positive aspect of the QA Program. That is, targeting verification effort on the groups of applicants analysis identified as being the most likely to experience a change to a need-based aid award. An additional 2% of schools cited this as their positive along with a second benefit.

The negative aspects schools cited were more varied, but it is telling to point out that 24 percent of schools did not mention a “negative” in their response and an additional 22 percent wrote “nothing.” The amount of “time and effort” participation in the QA Program entailed was the most commonly cited downside of program participation.

Figure 11: The Five Most Commonly Cited FSA Assessments by Quality Assurance Schools Completing Assessments in 2016-2017



Source: Survey of Quality Assurance Program Participants, June 2017, N=30.

Figure 11 presents school responses to the final survey item. Schools were asked to identify which of the FSA Assessments they had completed during the 2016-2017 award year. QA Program participants were not required to complete assessments during 2016-2017; therefore this survey question was applicable to only 30 schools. Most of these schools followed the instructions and identified two assessments, the number of assessments that had been required in prior award years. One school identified only one assessment and seven schools identified three or more assessments. All reports of assessments completed were included in the analysis.

FSA staff working with the QA schools had encouraged schools participating in the QA program to complete the verification assessment in order to help with the transition back to federal verification in 2017-2018. Nearly half (48 percent) of the schools that reported on assessments indicated that they had completed the verification assessment, making it the most popular assessment in 2016-2017.

Conclusion

Only 115 schools participated in the QA Program during its final 2016-2017 award year. The majority of these schools were large, four-year, public universities. With average enrollments of nearly 20,000 students, QA schools collectively disbursed approximately twelve cents out of every Pell Grant dollar awarded during the 2015–2016 award year. Therefore, it was important to monitor the effectiveness and efficiency of QA school verification efforts as the program determined the accuracy of so many need-based financial aid awards. However, this homogenous set of schools did not lend itself to generalizable conclusions or actions.

The homogeneity of the schools participating in the Quality Assurance Program, accompanied by improvements in federal verification, decreased the need for the QA Program. Indeed the “success” of the QA Program in terms of demonstrating that verification effort could effectively target aid applicants most in need of verification indicates that the program met its original objectives. This success contributed to the decision to conclude the QA Program at the end of 2016-2017 award year.

Schools in the QA Program remained “very satisfied” with their participation through the final award year of the program’s existence, 2016-2017. Their participation not only benefited their students and the financial aid staff employed at their respective institutions, but also helped FSA improve federal verification efforts for all Title IV participating institutions.

Appendix

QA 2016-17 Survey

Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0045. The time required to complete this information collection is estimated to be 10 minutes **if you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:** U.S. Department of Education, Washington, D.C. 20202-4700. **If you have comments or concerns regarding the status of your individual submission of this form, email:** david.rhodes@ed.gov or **write directly to:** David Rhodes, 830 First Street, N.E., Room 44F1, Washington, D.C. 20202.

1. Name of Institution and OPE ID: *(drop down menu of participating schools)*

2. How satisfied were you over all with the Department's Quality Assurance (QA) Program? *(radio button, one and only one)*

- Very satisfied
- Somewhat satisfied
- No Opinion
- Not very satisfied
- Not at all satisfied

3. How satisfied were you with the guidance FSA provided concerning the end of the QA Program? *(radio button, one and only one)*

- Very satisfied
- Somewhat satisfied
- No Opinion
- Not very satisfied
- Not at all satisfied

4. Please indicate whether each of the following four statements was true or false at your school?

- a. From November 2015, when the Department announced the QA Program would be ending, to the start of the 2017-2018 award year, our institution had enough time to transition back to federal verification.
- b. Compared to the last full award year of our institution's participation in the QA Program, our institution anticipates an overall increase in the number of students that we will need to verify for the 2017-2018 award year.
- c. Compared to the last full award year of our institution's participation in the QA Program, our school institution anticipates an increase in the amount of information we will need to verify for each student selected for verification for the 2017-2018 award year.
- d. Even though the QA Program is ending after the 2016-2017 award year, our institution verified **all** the student records selected for **federal** verification and documented all the **federally** required information for the 2016-17 award year.

5. Which of the following best characterize the changes your institution has made or will make to verification processes due to the ending of the QA program after the 2016-17 award year? *(check box, one or more)*

- We will **only** verify applicants selected for federal verification?

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- We will verify at least some applicants because they meet institution criteria, even if they are **not** selected for federal verification.
- We will **only** verify the information called for by federal verification using **only** federally acceptable documentation
- We will verify at least some information not required by federal verification or require additional documentation above and beyond federal requirements for at least some applicants

6. Looking back, what was the biggest positive AND the biggest negative about your institution's participation in the QA Program? (*open-ended response*)

7. Please mark the Federal Student Aid (FSA) assessments or activities your institution completed (or will complete) during the 2016-17 award year. (*check all that apply, two are required*)

Students

- Student eligibility
- Satisfactory Academic Progress
- Verification

Schools

- A Guide for Creating a Policy and Procedures Manual
- Consumer Information
- Default Prevention and Management
- Direct Loans
- Fiscal Management
- Institutional Eligibility
- Return of Title IV Funds

Campus-Based Programs

- FSEOG
- FWS
- Perkins
 - Awarding and Disbursement
 - Cancellation
 - Due Diligence
 - Forbearance and Deferment
 - Repayment

Thank you for completing this customer satisfaction survey and for your institution's participation in the QA Program.