

119TH CONGRESS
2D SESSION

S. 4428

To amend the Higher Education Act of 1965 to require the use of an identity fraud detection system in reviewing Free Applications for Federal Student Aid.

IN THE SENATE OF THE UNITED STATES

APRIL 29, 2026

Mrs. MOODY (for herself, Ms. HASSAN, and Mr. TUBERVILLE) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To amend the Higher Education Act of 1965 to require the use of an identity fraud detection system in reviewing Free Applications for Federal Student Aid.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Aid for Ghost Stu-
5 dents Act of 2026”.

6 **SEC. 2. IDENTITY FRAUD DETECTION SYSTEM.**

7 (a) IDENTITY FRAUD DETECTION SYSTEM.—Section
8 483 of the Higher Education Act of 1965 (20 U.S.C.
9 1090) is amended by adding at the end the following:

1 “(e) IDENTITY FRAUD DETECTION SYSTEM.—

2 “(1) IN GENERAL.—In addition to or in con-
 3 junction with other verification processes carried out
 4 under this title, the Secretary shall use an identity
 5 fraud detection system to review each application
 6 submitted under this section on or after October 1,
 7 2026, to determine whether the application presents
 8 a reasonable suspicion of identity fraud. If the Sec-
 9 retary determines that such an application presents
 10 a reasonable suspicion of identity fraud, the Sec-
 11 retary shall carry out notifications in accordance
 12 with paragraph (2).

13 “(2) NOTIFICATION OF REASONABLE SUSPICION
 14 OF IDENTITY FRAUD.—If the Secretary determines
 15 that an application submitted under this section pre-
 16 sents a reasonable suspicion of identity fraud, the
 17 Secretary shall—

18 “(A) provide the applicant with notice—

19 “(i) of such determination and the
 20 basis for such determination;

21 “(ii) that the information described in
 22 subparagraph (B) will be transmitted to
 23 each institution of higher education des-
 24 ignated by the applicant in the application;
 25 and

1 “(iii) that the applicant is subject to
2 additional identity verification require-
3 ments in accordance with section
4 487(a)(15); and

5 “(B) transmit to each institution des-
6 ignated by the applicant in the application, a
7 notice—

8 “(i) that such application presents a
9 reasonable suspicion of identity fraud; and

10 “(ii) that the applicant is subject to
11 identity verification requirements to be
12 carried out by the institution in accordance
13 with section 487(a)(15)(B), before the in-
14 stitution may disburse Federal financial
15 aid under this title to such applicant.

16 “(3) CONGRESSIONAL NOTICES AND REPORT.—

17 “(A) NOTICES.—The Secretary shall sub-
18 mit to the authorizing committees—

19 “(i) not later than November 1, 2026,
20 a written description of the identity fraud
21 detection system required under this sub-
22 section; and

23 “(ii) not later than 30 days after im-
24 plementing any substantial change to such

1 system, a written description and rationale
 2 for such change.

3 “(B) ANNUAL EVALUATION AND RE-
 4 PORT.—Not later than October 1, 2027, and
 5 annually thereafter, the Secretary shall conduct
 6 an evaluation of the effectiveness of the identity
 7 fraud detection system carried out under this
 8 subsection, and submit to the authorizing com-
 9 mittees a report on the use and effectiveness of
 10 such system.”.

11 (b) ADDITIONAL VERIFICATION REQUIREMENTS.—

12 (1) AMENDMENTS.—Section 487(a)(15) of the
 13 Higher Education Act of 1965 (20 U.S.C.
 14 1094(a)(15)) is amended—

15 (A) by striking “(15) The institution ac-
 16 knowledges” and inserting “(15)(A) The insti-
 17 tution acknowledges”; and

18 (B) by adding at the end the following new
 19 subparagraph:

20 “(B) Beginning on October 1, 2026, the insti-
 21 tution will not disburse Federal financial aid under
 22 this title to an applicant whose application under
 23 section 483 presents a reasonable suspicion of iden-
 24 tity fraud under section 483(e), unless the institu-

1 tion, in accordance with procedures established by
2 the Secretary—

3 “(i) determines that a reasonable suspicion
4 of identity fraud is not present by confirming
5 the identity of such applicant using in-person
6 verification or live, synchronous audiovisual
7 verification;

8 “(ii) notifies the Secretary that the identity
9 of the applicant has been verified; and

10 “(iii) maintains a record of such identity
11 verification.”.

12 (2) GUIDELINES ON INSTITUTIONAL
13 VERIFICATION PROCEDURES.—Not later than Octo-
14 ber 1, 2026, the Secretary of Education shall estab-
15 lish guidelines with respect to identity verification
16 procedures to be carried out by institutions of higher
17 education under subparagraph (B) of section
18 487(a)(15) of the Higher Education Act of 1965 (20
19 U.S.C. 1094(a)(15)), as amended by paragraph (1).

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