

STUDENT AID FRAUD OVERSIGHT AND ACCOUNTABILITY
ACT OF 2026

MAY 26, 2026.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. WALBERG, from the Committee on Education and Workforce,
submitted the following

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 7891]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Workforce, to whom was referred the bill (H.R. 7891) to amend section 498A of the Higher Education Act of 1965 to require the Secretary of Education to prioritize program reviews of institutions of higher education that disburse Federal financial aid under title IV of such Act without verifying the identity of a student whose FAFSA presents a reasonable suspicion of identity fraud, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Student Aid Fraud Oversight and Accountability Act of 2026”.

SEC. 2. PROGRAM REVIEW PRIORITY CATEGORY.

(a) PROGRAM REVIEW PRIORITY CATEGORY.—Section 498A(a)(2) of the Higher Education Act of 1965 (20 U.S.C. 1099c–1(a)(2)) is amended—

- (1) in subparagraph (E), by striking “and” at the end;
- (2) by redesignating subparagraph (F) as subparagraph (G), and striking “and” after the semicolon at the end of such subparagraph; and
- (3) by inserting after subparagraph (E) the following:
“(F) institutions identified under paragraph (4); and”.

(b) IDENTIFICATION OF INSTITUTIONS OF HIGHER EDUCATION.—Section 498A(a) of the Higher Education Act of 1965 (20 U.S.C. 1099c–1(a)) is amended—

(1) in paragraph (3), by striking the period at the end and inserting “; and”;

and

(2) by adding at the end the following:

“(4) shall identify each institution that has disbursed, on or after October 1, 2026, Federal financial aid under this title for an award year to any student whose application under section 483 for such award year presented a reasonable suspicion of identity fraud, as determined by the identity fraud detection system used by the Secretary, except that the Secretary shall exclude from such identification any institution that demonstrates to the Secretary that, with respect to each such student, before the disbursement of Federal financial aid to the student, the institution, in accordance with procedures established by the Secretary, determined that a reasonable suspicion of identity fraud was not present by confirming the identity of such student using in-person verification or live, synchronous audiovisual verification and notified the Secretary that the identity of the student has been verified, and maintains a record of such identity verification.”

(c) SPECIAL CONSIDERATIONS.—Section 498A of the Higher Education Act of 1965 (20 U.S.C. 1099c–1) is further amended by adding at the end the following:

“(f) SPECIAL CONSIDERATIONS.—Identification of an institution under subsection (a)(4)—

“(1) may be used to inform program reviews, audits, investigations, and other oversight activities authorized under this title; and

“(2) shall not, by itself, constitute a determination that such institution has failed to meet the requirements of this title.”

PURPOSE

H.R. 7891, *Student Aid Fraud Oversight and Accountability Act of 2026*, amends the *Higher Education Act of 1965* (HEA) to strengthen federal oversight of institutions of higher education that disburse federal student aid to applicants whose Free Application for Federal Student Aid (FAFSA) information is flagged for suspected identity fraud. Under the bill, the Department of Education (ED) must identify and prioritize those institutions for program reviews unless the institution verified the student’s identity before disbursement through in-person or live video verification.

COMMITTEE ACTION

118TH CONGRESS

Second Session—Hearings

On April 10, 2024, the Subcommittee on Higher Education and Workforce Development held a hearing on “FAFSA Fail: Examining the Impact on Students, Families, and Schools.” The purpose of the hearing was to assess the causes and impacts of the previous year’s failed FAFSA rollout, including the effects of delays and data inaccuracies on students and postsecondary institutions. Testifying before the Subcommittee were Mr. Mark Kantrowitz, President, Cerebly, Inc., Skokie, Illinois; Mr. Justin Draeger, President & CEO, National Association of Student Financial Aid Administrators, Washington, D.C.; Ms. Kim Cook, CEO, National College Attainment Network, Washington, D.C.; and Ms. Rachelle Feldman, Vice Provost, Enrollment, University of North Carolina Chapel Hill, Chapel Hill, North Carolina.

On September 24, 2024, the Subcommittee on Higher Education and Workforce Development held a hearing titled “GAO Uncovers Biden-Harris FAFSA Failures.” The purpose of the hearing was to review data and findings from the Government Accountability Of-

office (GAO) on ED’s implementation of the new FAFSA, with a focus on timelines, technical challenges, and transparency and communication with students, institutions, and taxpayers. Testifying before the Subcommittee were Ms. Melissa Emrey-Arras, Director, Education, Workforce, and Income Security Issues, GAO, Washington, D.C.; and Mrs. Marisol Cruz Cain, Director, Information Technology and Cybersecurity Team, GAO, Washington, D.C.

119TH CONGRESS

First Session—Hearing

On September 16, 2025, the Subcommittee on Higher Education and Workforce Development held a hearing on “No More Surprises: Reforming College Pricing for Students and Families.” The purpose of the hearing was to examine ways to make college financial aid more transparent. Testifying before the Subcommittee were Mr. Justin Draeger, Senior Vice President, Affordability, Strada Education Foundation, Washington, D.C.; Mr. Lee Wishing III, Vice President for Student Recruitment and Chief Marketing Officer, Grove City College, Grove City, Pennsylvania; Ms. Amy Laitinen, Senior Director of Higher Education, New America, Washington, D.C.; and Dr. Andrew Gillen, Research Fellow, Cato Institute, Washington, D.C.

Legislative Action

On March 12, 2026, Representative Glenn “GT” Thompson (R-PA) introduced *Student Aid Fraud Oversight and Accountability Act of 2026* (H.R. 7891). The bill was referred solely to the Committee on Education and Workforce. On March 17, 2026, the Committee considered H.R. 7891 in legislative session and reported it favorably, as amended, to the House of Representatives by a recorded vote of 33–0. The Committee considered the following amendments to H.R. 7891:

1. Representative Thompson offered an Amendment in the Nature of a Substitute (ANS) that made technical changes. The amendment passed by voice vote.
2. Representative Robert C. “Bobby” Scott (D-VA) offered and withdrew an amendment that would have limited flags to institutions demonstrating a pattern of fraud and required a review process with the institution before the Secretary could consider such findings in a program review, audit, or similar proceeding.
3. Representative Scott offered and withdrew an amendment to clarify that a reasonable suspicion of identity fraud must be based on the V4 and V5 verification groups under current regulations.

COMMITTEE VIEWS

INTRODUCTION

The federal student aid system plays a vital role in helping students and families afford postsecondary education by providing grants, loans, and work-study assistance through the FAFSA process. In Fiscal Year 2024, the Office of Federal Student Aid delivered approximately \$120.8 billion in aid to more than 9.9 million

students.¹ Given both the scale and importance of these programs, durable and effective safeguards are necessary to protect taxpayer funds and ensure aid is awarded only to real, eligible students.

Ghost Student Fraud

“Ghost student” fraud commonly refers to schemes in which bad actors use stolen or counterfeit identities to submit college admission and federal student aid applications, enroll in courses, and extract federal or state aid by capturing the refund portion of the aid after institutional charges are covered. Once the funds are disbursed, the “student” vanishes. This has become a significant issue, costing taxpayers millions of dollars and even crowding real students out of classes.² The problem has only grown in recent years, with California community colleges seeing the share of applicants identified as “likely fake” increase from 20 percent in 2021 to 34 percent in 2024.³

Ghost student fraud schemes often exploit the structure of remote admissions, online enrollment, and federal student aid disbursement. In a typical scheme, fraudsters obtain or fabricate personally identifiable information and use that information to create accounts and submit admissions applications to institutions that offer online programs or otherwise permit students to complete enrollment processes remotely. After securing admission, the fraudster submits a FAFSA in the name of the fraudulent student.

Once the application is processed and the student is enrolled, the institution receives the applicable student aid funds and applies a portion of those funds toward tuition and fees. Any remaining balance is then refunded to the student. Ghost student fraud schemes exploit that refund process by directing the excess aid to accounts controlled by the fraudster. Recent criminal cases demonstrate how these schemes operate in practice. In one such case, the alleged fraudsters used the identities of prison inmates to enroll at a California community college, submit FAFSAs, and divert approximately \$980,000 in federal student aid funds to accounts under their control.⁴

Fraudsters are increasingly adopting new technologies such as artificial intelligence (AI) to increase the scale and sophistication of ghost student fraud.⁵ At a larger scale, ghost student fraud schemes require the creation of plausible identities, the submission of large volumes of admissions and financial aid applications, and the maintenance of activity that appears consistent with legitimate student participation long enough to trigger aid disbursement. AI tools can streamline these steps by generating convincing written materials, automating repetitive application processes, and producing online activity that mimics realistic student behavior. This evolving threat underscores the need for strong, durable safeguards to protect the integrity of federal student aid programs.

¹ fy2024-fsa-annual-report.pdf.

² ‘Ghost’ students are hijacking millions from colleges—and locking real human students out of classes | Fortune.

³ Financial aid fraud keeps climbing in CA community colleges—CalMatters.

⁴ Central District of California | Three Women Indicted for Alleged Scheme that Used Prison Inmates’ Identities to Fraudulently Obtain Federal Student Loans | United States Department of Justice.

⁵ How scammers are using AI to steal college financial aid.

Recent Executive Actions

Last year, ED launched a series of measures to combat ghost student fraud. In guidance issued for the summer 2025 semester, ED required institutions to verify the identity of first-time FAFSA applicants and introduced new identity-validation requirements designed to make it more difficult for fraudsters to use stolen or fabricated identities.⁶ For certain flagged applicants, that verification included presenting an unexpired, valid, government-issued photo ID either in person or through a live video conference with an institutionally authorized official.⁷ By December 2025, ED estimated it had blocked more than \$1 billion in attempted financial aid theft.⁸

Most recently, on April 26, 2026, ED implemented a real-time fraud detection system within FAFSA that screens applicants as they complete the form.⁹ The system allows most legitimate applicants to proceed normally, while applicants flagged as high risk must complete an additional online identity confirmation process within the FAFSA workflow. For the highest-risk applicants, as well as high-risk applicants whose identities cannot be confirmed through the online process, Institutional Student Information Records (ISIRs) continue to be generated but are placed in rejected status with fraud-related codes. Institutions can then assist legitimate applicants in resolving the rejected status through in-person identity verification and by reporting the result through the FAFSA Partner Portal. By giving high-risk applicants an opportunity to resolve identity concerns online within the FAFSA workflow before institutional review is needed, ED expects to reduce the number of applications that institutions must verify in person, easing the verification burden on institutions while protecting federal student aid dollars from fraud. On May 13, 2026, ED estimated the new real-time fraud detection system had blocked \$60 million in fraudulent student loan applications since launching on April 26.¹⁰

Need for Legislation

ED's authority to address fraud in the federal student aid programs, including ghost student fraud, is rooted in HEA provisions governing student eligibility, institutional participation, fraud involving Title IV funds, and the oversight of participating institutions through program reviews. These provisions establish baseline eligibility requirements for student aid; require institutions participating in Title IV programs to administer those funds in accordance with applicable requirements; authorize the Secretary to conduct program reviews on a systematic basis and to prioritize institutions for review based on specified risk indicators; and provide for civil, administrative, and criminal consequences when Title IV funds are obtained or used improperly.

⁶U.S. Department of Education to Implement New Identity Validation Processes to Combat Student Aid Fraud | U.S. Department of Education.

⁷U.S. Department of Education to Implement New Identity Validation Processes to Combat Student Aid Fraud | U.S. Department of Education.

⁸U.S. Department of Education Prevents More Than \$1 Billion in Federal Student Aid Fraud This Year, Additional Crackdowns Expected in 2026 | U.S. Department of Education.

⁹FAFSA Real-Time Fraud Detection | Knowledge Center.

¹⁰<https://dailycaller.com/2026/05/13/donald-trump-education-department-student-loans-60-million-applications-fraud/>.

This legislation builds on that existing framework by establishing an additional statutory program review priority category for institutions that disburse Title IV aid to applicants whose FAFSA information presented a reasonable suspicion of identity fraud, unless that suspicion was resolved through prescribed verification measures before disbursement. By incorporating identity fraud risk into the statutory program review framework, the bill would strengthen ED’s oversight tools and help inform program reviews, audits, investigations, and other authorized oversight activities, thereby better protecting students and taxpayers from evolving fraud threats.

CONCLUSION

Federal student aid should support real students pursuing post-secondary education, not ghost student fraud schemes. By strengthening ED’s oversight of institutions that disburse Title IV aid to applicants whose FAFSA presents a reasonable suspicion of identity fraud, H.R. 7891 will help protect the integrity of the federal student aid programs and better ensure that taxpayer resources support legitimate students.

SUMMARY

H.R. 7891 SECTION-BY-SECTION SUMMARY

Section 1—Short title

- Names the bill *Student Aid Fraud Oversight and Accountability Act of 2026*.

Section 2—Program review priority category

- Amends section 498A(a) of the HEA to add a new program review priority category for institutions identified under a new paragraph (4).
- Adds a new paragraph (4) to require the Secretary to identify any institution that, on or after October 1, 2026, disbursed federal student aid to a student whose application presented a reasonable suspicion of identity fraud, as determined by the Secretary’s identity fraud detection system.
- Provides an exception so that an institution is not identified if it demonstrates to the Secretary that, for each such student and before disbursing aid, the institution verified the student’s identity either in person or through a live video call.
- Clarifies that identification of an institution:
 - may be used to inform program reviews, audits, investigations, and other oversight activities authorized under title IV; and
 - may not, by itself, be treated as a determination that the institution failed to meet title IV requirements.

EXPLANATION OF AMENDMENTS

The amendment in the nature of a substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 7891 amends the HEA to strengthen federal oversight of institutions of higher education that disburse federal student aid to applicants whose FAFSA information is flagged for suspected identity fraud. H.R. 7891 applies only to ED, FAFSA applicants, and institutions of higher education, and therefore does not apply to the Legislative Branch.

UNFUNDED MANDATE STATEMENT

Pursuant to section 423 of the *Congressional Budget and Impoundment Control Act of 1974*, Pub. L. No. 93–344 (as amended by section 101(a)(2) of the *Unfunded Mandates Reform Act of 1995*, Pub. L. No. 104–4), the Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office (CBO) pursuant to section 402 of the *Congressional Budget and Impoundment Control Act of 1974*.

EARMARK STATEMENT

H.R. 7891 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9 of House rule XXI.

ROLL CALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

Date: 3/17/2026

COMMITTEE ON EDUCATION AND WORKFORCE RECORD OF COMMITTEE VOTE

Roll Call: 5

Bill: H.R. 7891

Amendment Number: N/A

Disposition: Adopted by a Full Committee Roll Call Vote

Sponsor/Amendment: Motion to report bill; as amended

Rep. Thompson (PA)

Name & State	Aye	No	Not Voting	Name & State	Aye	No	Not Voting
Mr. WALBERG (MI) (Chairman)	X			Mr. SCOTT (VA) (Ranking)	X		
Mr. WILSON (SC)			X	Mr. COURTNEY (CT)	X		
Mrs. FOXX (NC)	X			Ms. WILSON (FL)			X
Mr. THOMPSON (PA)	X			Ms. BONAMICI (OR)	X		
Mr. GROTHMAN (WI)	X			Mr. TAKANO (CA)	X		
Ms. STEFANIK (NY)	X			Ms. ADAMS (NC)	X		
Mr. ALLEN (GA)	X			Mr. DESAULNIER (CA)			X
Mr. COMER (KY)	X			Mr. NORCROSS (NJ)			X
Mr. OWENS (UT)	X			Ms. MCBATH (GA)	X		
Ms. MCCLAIN (MI)	X			Ms. HAYES (CT)	X		
Mrs. MILLER (IL)	X			Ms. OMAR (MN)	X		
Ms. LETLOW (LA)	X			Ms. STEVENS (MI)	X		
Mr. KILEY (CA)	X			Mr. CASAR (TX)	X		
Mr. RULLI (OH)	X			Ms. LEE (PA)	X		
Mr. MOYLAN (GU)	X			Mr. MANNION (NY)	X		
Mr. ONDER (MO)	X			Ms. GRIJALVA (AZ)	X		
Mr. MACKENZIE (PA)	X						
Mr. BAUMGARTNER (WA)	X						
Mr. HARRIS (NC)	X						
Mr. MESSMER (IN)	X						
Mr. FINE (FL)	X						

TOTALS: Ayes: 33

Nos: 0

Not Voting: 4

Total: 37/ Quorum: 33/ Report: Passed

(21 R - 16 D)

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goal of H.R. 7891 is to combat federal student aid fraud by requiring ED to strengthen federal oversight of institutions of higher education that disburse federal student aid to applicants whose FAFSA information is flagged for suspected identity fraud.

DUPLICATION OF FEDERAL PROGRAMS

No provision of H.R. 7891 establishes or reauthorizes a program of the Federal Government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

REQUIRED COMMITTEE HEARING

In compliance with clause 3(c)(6) of rule XIII the following hearing held during the 119th Congress was used to develop or consider H.R. 7891: On September 16, 2025, the Committee's Higher Education and Workforce Development Subcommittee held a hearing on "No More Surprises: Reforming College Pricing for Students and Families."

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee adopts as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office.

H.R. 7891, Student Aid Fraud Oversight and Accountability Act of 2026			
As ordered reported by the House Committee on Education and Workforce on March 17, 2026			
By Fiscal Year, Millions of Dollars	2026	2026-2031	2026-2036
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2037?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2037?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 7891 would require the Department of Education to prioritize the review of institutions of higher education that disburse federal student aid to applicants without providing proof that they verified an applicant’s identity, if such applicant has been flagged by the department’s fraud detection system for potential identity theft.

Under current law, the Department of Education conducts systematic reviews of institutions of higher education that participate in the federal student aid programs. On that basis and based on the cost of similar activities, CBO estimates that the cost to implement H.R. 7891 would be less than \$500,000. Any related spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Leah Koestner. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 7891. However, clause 3(d)(2)(B) of that Rule provides that this requirement does not apply when, as with the present report, the Committee adopts as its own the cost estimate for the bill prepared by the Director of the Congressional Budget Office.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

* * * * *

TITLE IV—STUDENT ASSISTANCE

* * * * *

PART H—PROGRAM INTEGRITY

* * * * *

Subpart 3—Eligibility and Certification Procedures

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SEC. 498A. PROGRAM REVIEW AND DATA.

(a) **GENERAL AUTHORITY.**—In order to strengthen the administrative capability and financial responsibility provisions of this title, the Secretary—

(1) shall provide for the conduct of program reviews on a systematic basis designed to include all institutions of higher education participating in programs authorized by this title;

(2) shall give priority for program review to institutions of higher education that are—

(A) institutions with a cohort default rate for loans under part B of this title in excess of 25 percent or which places such institutions in the highest 25 percent of such institutions;

(B) institutions with a default rate in dollar volume for loans under part B of this title which places the institutions in the highest 25 percent of such institutions;

(C) institutions with a significant fluctuation in Federal Stafford Loan volume, Federal Direct Stafford/Ford Loan volume, or Federal Pell Grant award volume, or any combination thereof, in the year for which the determination is made, compared to the year prior to such year, that are not accounted for by changes in the Federal Stafford Loan program, the Federal Direct Stafford/Ford Loan program, or the Pell Grant program, or any combination thereof;

(D) institutions reported to have deficiencies or financial aid problems by the State licensing or authorizing agency, or by the appropriate accrediting agency or association;

(E) institutions with high annual dropout rates; **[and]**

(F) *institutions identified under paragraph (4); and*

[(F)] (G) such other institutions that the Secretary determines may pose a significant risk of failure to comply with the administrative capability or financial responsibility provisions of this title; **[and]**

(3) shall establish and operate a central data base of information on institutional accreditation, eligibility, and certification that includes—

(A) all relevant information available to the Department;

(B) all relevant information made available by the Secretary of Veterans Affairs;

(C) all relevant information from accrediting agencies or associations;

(D) all relevant information available from a guaranty agency; and

(E) all relevant information available from States under subpart 1[.]; and

(4) shall identify each institution that has disbursed, on or after October 1, 2026, Federal financial aid under this title for an award year to any student whose application under section 483 for such award year presented a reasonable suspicion of identity fraud, as determined by the identity fraud detection system used by the Secretary, except that the Secretary shall exclude from such identification any institution that demonstrates to the Secretary that, with respect to each such student, before the disbursement of Federal financial aid to the student, the institution, in accordance with procedures established by the Secretary, determined that a reasonable suspicion of identity fraud was not present by confirming the identity of such student using in-person verification or live, synchronous audiovisual verification and notified the Secretary that the identity of the student has been verified, and maintains a record of such identity verification.

(b) SPECIAL ADMINISTRATIVE RULES.—In carrying out paragraphs (1) and (2) of subsection (a) and any other relevant provisions of this title, the Secretary shall—

(1) establish guidelines designed to ensure uniformity of practice in the conduct of program reviews of institutions of higher education;

(2) make available to each institution participating in programs authorized under this title complete copies of all review guidelines and procedures used in program reviews;

(3) permit the institution to correct or cure an administrative, accounting, or recordkeeping error if the error is not part of a pattern of error and there is no evidence of fraud or misconduct related to the error;

(4) base any civil penalty assessed against an institution of higher education resulting from a program review or audit on the gravity of the violation, failure, or misrepresentation;

(5) inform the appropriate State and accrediting agency or association whenever the Secretary takes action against an institution of higher education under this section, section 498, or section 432;

(6) provide to an institution of higher education an adequate opportunity to review and respond to any program review report and relevant materials related to the report before any final program review report is issued;

(7) review and take into consideration an institution of higher education's response in any final program review report or audit determination, and include in the report or determination—

(A) a written statement addressing the institution of higher education's response;

(B) a written statement of the basis for such report or determination; and

(C) a copy of the institution's response; and

(8) maintain and preserve at all times the confidentiality of any program review report until the requirements of paragraphs (6) and (7) are met, and until a final program review is issued, other than to the extent required to comply with paragraph (5), except that the Secretary shall promptly disclose any and all program review reports to the institution of higher education under review.

(c) DATA COLLECTION RULES.—The Secretary shall develop and carry out a plan for the data collection responsibilities described in paragraph (3) of subsection (a). The Secretary shall make the information obtained under such paragraph (3) readily available to all institutions of higher education, guaranty agencies, States, and other organizations participating in the programs authorized by this title.

(d) TRAINING.—The Secretary shall provide training to personnel of the Department, including criminal investigative training, designed to improve the quality of financial and compliance audits and program reviews conducted under this title.

(e) SPECIAL RULE.—The provisions of section 103(b) of the Department of Education Organization Act shall not apply to Secretarial determinations made regarding the appropriate length of instruction for programs measured in clock hours.

(f) SPECIAL CONSIDERATIONS.—*Identification of an institution under subsection (a)(4)—*

(1) may be used to inform program reviews, audits, investigations, and other oversight activities authorized under this title; and

(2) shall not, by itself, constitute a determination that such institution has failed to meet the requirements of this title.

* * * * *

SUPPLEMENTAL VIEWS

INTRODUCTION

H.R. 7891, the *Student Aid Fraud Oversight and Accountability Act of 2026*, amends the *Higher Education Act of 1965* (HEA) to codify an expedited program review and investigation process for institutions of higher education that disburse federal student aid. The bill would give the Department of Education (Department) the power to initiate this process if a school disbursed federal aid to a student whose application for aid presented “a reasonable suspicion of identity fraud.”¹ The bill would work in conjunction with H.R. 7892, the *No Aid for Ghost Students Act of 2026*, which requires the Department to establish an identity fraud detection system within the Free Application for Federal Student Aid (FAFSA) process.² While, in theory, the framework proposed under these bills may help mitigate identity fraud in student aid, Committee Democrats have concerns around the necessity of the legislation and potential weaponization new oversight mechanisms to target specific institutions. At the time this bill was marked up, Ranking Member Bobby Scott (D–VA) was committed to work with the Majority to perfect the language of H.R. 7891 before it was brought to the floor and voted to report it out of Committee. Subsequently, that negotiation process stalled, and these views outline the problems with the bill as drafted.

IDENTITY FRAUD IN FEDERAL STUDENT AID

It is critical for Office of Federal Student Aid (FSA) to prevent any waste, fraud, and abuse of the federal student aid system. One rising challenge within the student aid system is the increase number of individuals enrolling specifically to commit fraud. In most cases, these individuals, often referred to as “ghost students”,³ are fraudulent applicants that enroll using fake or stolen identities and obtain federal student aid, including Pell Grants, with no intention of attending classes or earning a degree. These students “use their access to register for low-cost classes and apply for grants only to withdraw upon receipt of tuition reimbursement.”⁴

Over the past several years, these fraudulent activities have been traced to fraud rings targeting institutions, primarily targeting low-cost community colleges and distance education programs due to their lower barriers of access.⁵ Institutions have reported that

¹ Student Aid Fraud Oversight and Accountability Act of 2026, H.R. 7981, 119th Cong. (2026).

² No Aid for Ghost Students Act of 2026, H.R. 7982, 119th Cong. (2026).

³ U.S. Dep’t of Educ., Off. of the Inspector Gen., *Glossary—Ghost Students-Higher Education*, <https://oig.ed.gov/taxonomy/term/146>.

⁴ Jeremy Green & James Densley, *Pell Grant Fraud Awareness: White-Collar Crime Challenges*, FBI Law Enforcement Bulletin, Fed. Bur. of Investigation (Feb. 4, 2014), <https://leb.fbi.gov/articles/featured-articles/pell-grant-fraud-awareness-white-collar-crime-challenges>.

⁵ Sara Weissman, *California Community Colleges Battle Against the Bots*, Inside Higher Ed (May 23, 2025), <https://www.insidehighered.com/news/institutions/community-colleges/2025/05/>

some of these fraudulent individuals are using artificial intelligence and bots to pose as real students.⁶ For example, the California Community College system has reported several instances where individuals used AI and bots to submit FAFSAs for nonexistent students. The individuals were disbursed student aid under these fake identities, and then disappeared with the funds, leaving no ties to their actual identities. These schemes divert federal student aid from legitimate students and have forced institutions to use additional resources to identify and prevent fraudulent enrollment and improve their identity verification processes.⁷

ONGOING FRAUD DETECTION AND PREVENTION EFFORTS

Federal law enforcement, including the Department's Office of Inspector General (OIG), have been aware of these matters for many years and have taken a variety of actions to address the issue.⁸ For example, the OIG noted in its most recent Semiannual Report to Congress,

Prosecutive actions were taken against the leaders and participants in student aid fraud rings that targeted millions in Federal student aid, including the arrest of 2 people for allegedly running separate 10-year schemes in Michigan involving more than 1,200 people, 100 schools in 24 States, and more than \$12 million in Federal student aid. Additionally, a 5-year prison sentence was handed down for the leader of a North Carolina-based ring who recruited approximately 80 people to participate in the scam that targeted more than \$5 million in Federal student aid.⁹

The OIG has also produced materials aimed at informing the public on this issue¹⁰ and has provided resources to help financial aid administrators identify and stop fraud rings.¹¹

Efforts Under the Biden Administration

Despite the Trump Administration claiming the Biden Administration “created a prime opportunity for fraudsters to exploit the

⁶[23/calif-community-colleges-ramp-battle-against-bots](https://www.idtheftcenter.org/post/ai-steal-college-financial-aid/); Sharon Lurye, *How scammers are using AI to steal college financial aid*, Associated Press (Jun. 10, 2025), <https://apnews.com/article/ai-scram-college-financial-aid-identity-theft-aa1bc8bcb4c368ee6bafcf6a523c5fb2>.

⁷*How scammers are using AI to steal college financial aid*, Identity Theft Resource Center (Jan. 5, 2026), <https://www.idtheftcenter.org/post/ai-steal-college-financial-aid/>.

⁸Weissman, *supra* note 5.

⁹See e.g., U.S. Dep't of Educ. Off. of Inspector Gen., Title IV of the Higher Education Act Programs: Additional Safeguards Are Needed to Help Mitigate the Risks That Are Unique to the Distance Education Environment (Feb. 2014), <https://oig.ed.gov/sites/default/files/reports/2024-05/a0710001.pdf>; U.S. Dep't of Educ. Off. of Inspector Gen., Final Management Information Report: Student Aid Fraud Ring Assessment (Jan. 17, 2013), <https://oig.ed.gov/sites/default/files/reports/2024-04/x18m0001.pdf>; U.S. Dep't of Educ. Off. of Inspector Gen., Investigative Program Advisory Report: Distance Education Fraud Rings (Sep. 26, 2011), <https://oig.ed.gov/sites/default/files/reports/2023-06/14210001.pdf>.

¹⁰U.S. Dep't of Educ. Off. of Inspector Gen., *Semiannual Report to Congress, No. 91*, ii (Feb. 17, 2026), https://oig.ed.gov/sites/default/files/reports/2026-02/FY25%20SAR%2091%20%282.17.26%29v101_508_SECURED.pdf.

¹¹See e.g., U.S. Dep't of Educ. Off. of Inspector Gen., *Eye on ED Podcast—Episode 12 Student Aid Fraud Rings* (Sep. 30, 2024), https://oig.ed.gov/sites/default/files/document/2024-09/fy24_student_aid_fraud_podcast_transcript_9.30.24v100_508.pdf.

¹²U.S. Dep't of Educ. Off. of Inspector Gen., *Student Aid Administrators: Help Spot and Stop Student Aid Fraud Rings*, (updated Sep. 2024), https://oig.ed.gov/sites/default/files/document/2024-09/fy24_identify_and_stop_student_aid_fraud_ring_info_sheet_8.27.24v100_508_secured.pdf.

[FAFSA] process,” the Department has consistently worked to mitigate fraud while trying to decrease verification burdens for institutions. On December 27, 2020, Congress passed the *FAFSA Simplification Act*,¹² which streamlined the federal student aid application process. One key provision of the Act required the Department “to the maximum extent practicable, streamline and simplify the process of verification for applicants.”¹³ In July of 2021, recognizing the need to address fraud prevention while responding to the unique challenges of the COVID–19 pandemic, “the Department issued a waiver of certain verification requirements in order to provide relief to students and colleges facing challenges resulting from the COVID–19 emergency while retaining a strict focus on identity and fraud. In accordance with that policy, requirements remain for institutions to verify identity.”¹⁴ Financial aid officers and student aid stakeholders supported this decision because “too many vulnerable students were flagged for verification in the standard process, which yielded little evidence of fraud. They argued that focusing on identity theft, which requires a different form of verification, made more sense.”¹⁵ In July 2024, the Department announced further verification rate reductions, in an effort to continue reducing institutional burdens by leveraging partnerships with the IRS for income verification processes.¹⁶ The Department emphasized this was done to “more effectively target verification efforts” to identity verification.¹⁷

Efforts Under the Trump Administration

Admittedly, the Trump Administration has taken several steps to build on the ongoing fraud prevention efforts. In June 2025, the Department announced that it would “require institutions of higher education to validate the identity of certain first-time applicants . . .” and required an applicant to “present, either in person or on a live video conference, an unexpired, valid, government-issued photo identification to an institutionally authorized individual and the institution must preserve a copy of this documentation.”¹⁸ In response, advocates highlighted the importance of fighting against fraud and abuse, but emphasized that there must be a stronger balance between that and student access and burden on under-resourced schools.¹⁹ In December 2025, the Department claimed

¹²Pub. L. No. 116 260, Title VII, Div. FF (2020).

¹³20 U.S.C. § 1090(b)(6).

¹⁴U.S. Dep’t of Educ., Off. of Fed. Stud. Aid, Electronic Announcement, Reminder—Identity Verification (Sep. 2, 2021), <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-09-02/reminder-identity-verification-ea-id-general-21-54>.

¹⁵Danielle Douglas-Gabriel, *Students applying for financial aid will face stricter ID verification*, The Wash. Post (Jun. 6, 2025), <https://www.washingtonpost.com/education/2025/06/06/student-aid-identification-verification-requirements-change/>; see Press Release, Nat’l Assn of Stud. Fin. Aid Adms., NASFAA Statement on 2021–22 Verification Changes (July 13, 2021), <https://www.nasfaa.org/nasfaa-statement-on-2021-22-verification-changes>.

¹⁶U.S. Dep’t of Educ., Off. of Fed. Stud. Aid, Electronic Announcement, 2024–25 Award Year Flexibilities and Department Letters to Presidents (Feb. 13, 2024), <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2024-02-13/2024-25-award-year-flexibilities-and-department-letters-presidents-updated-july-31-2024>.

¹⁷*Id.*

¹⁸Press Release, U.S. Dep’t of Educ., U.S. Department of Education to Implement New Identity Validation Processes to Combat Student Aid Fraud (Jun. 6, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-implement-new-identity-validation-processes-combat-student-aid-fraud>.

¹⁹Douglas-Gabriel, *supra* note 15 (“Protecting against fraud and abuse is important, but must be balanced against access,” said Elizabeth Morgan, chief external relations officer for the non-

that their recent efforts “halted more than \$1 billion in attempted financial aid theft by fraudsters, including coordinated international fraud rings and AI bots pretending to be students.”²⁰

Last month, the Trump Administration launched a new fraud prevention framework built into the FAFSA process.²¹ Starting with the 2026 2027 FAFSA cycle, FSA will implement a new screening technology embedded into the FAFSA that places applicants into various risk categories, to help target verification efforts.²² This framework will be launched “in coordination” with the newly launched White House Task Force to Eliminate Fraud.²³ Again, the Department estimates these upcoming efforts will prevent over \$1 billion in federal student aid fraud.²⁴

H.R. 7891 ESTABLISHES BROAD ENFORCEMENT MECHANISM WITH LOW TRIGGER

H.R. 7891 establishes an oversight and enforcement mechanism to hold institutions accountable for disbursing aid to fraudulent applicants. Specifically, it would give the Secretary broad authority to prioritize for a program review²⁵ any institution that makes a single disbursement of federal student aid funds to any one student whose application the Department flags as having a “reasonable suspicion of identity fraud” that cannot be verified as a real student via the mechanisms proposed in H.R. 7892.²⁶ In addition to triggering a program review, the bill alarmingly authorizes the Secretary to use any finding of improper disbursement to also inform “audits, investigations, and other oversight activities” authorized under title IV of the Higher Education Act. Since the focus of discussion on this legislation during the markup was around the prioritization of program reviews, it is unclear why such broad discretion for investigations and oversight activities is also necessary. Without more clarity, Democrats cannot support the proposed codification of an expanded review process that would vest the power to open widespread federal investigations, which would include subpoena power,²⁷ and broad, unspecified oversight activities to the Secretary’s discretion with little underlying evidence.

profit National College Attainment Network. ‘Barriers that delay students’ ability to receive aid could harm their ability to attain a postsecondary degree.’).

²⁰ Press Release, U.S. Dep’t of Educ., U.S. Department of Education Prevents More Than \$1 Billion in Federal Student Aid Fraud This Year, Additional Crackdowns Expected in 2026, (Dec. 11, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-prevents-more-1-billion-federal-student-aid-fraud-year-additional-crackdowns-expected-2026>.

²¹ Press Release, U.S. Dep’t of Educ., U.S. Department of Education Launches Comprehensive, Nationwide Federal Student Aid Fraud Prevention Effort (Apr. 27, 2026), <https://www.ed.gov/about/news/press-release/us-department-of-education-launches-comprehensive-nationwide-federal-student-aid-fraud-prevention-effort>.

²² U.S. Dep’t of Educ., Off. of Fed. Stud. Aid, Electronic Announcement, FAFSA Real-Time Fraud Detection (Apr. 15, 2026), <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2026-04-15/fafsa-real-time-fraud-detection>.

²³ *Id.*; Exec. Order No. 14395, 91 Fed. Reg. 13485 (2026).

²⁴ Press Release, U.S. Dep’t of Educ., U.S. Department of Education Launches Comprehensive, Nationwide Federal Student Aid Fraud Prevention Effort (Apr. 27, 2026), <https://www.ed.gov/about/news/press-release/us-department-of-education-launches-comprehensive-nationwide-federal-student-aid-fraud-prevention-effort>.

²⁵ For details on program review process, see U.S. Dep’t of Educ., *Off. of Fed. Stud. Aid, 2025 2026 Federal Student Aid Handbook, Ch. 8—Program Reviews, Sanctions, & Closeout*, <https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol2/ch8-program-reviews-sanctions-closeout>.

²⁶ No Aid for Ghost Students Act of 2026, H.R. 7982, 119th Cong. (2026).

²⁷ 20 U.S.C. § 1097a.

Institutions undergoing scheduled program reviews typically have ample opportunity to review and respond to any claims or allegations of wrongdoing, and the penalties are typically expressly indicated for each violation.²⁸ However, H.R. 7891 remains silent as to whether these same protocols will be applied if institutions are subjected to snap investigations based on as little as a single improper aid disbursement. This is especially troubling considering the inherent suggestion these powers are being granted to help the Department expose suspected fraud and wrongdoing. Some stakeholders even argue that “the Committee’s drafting of [this] language deliberately bypassed the typical safeguards afforded to colleges, because it was inserted to avoid the protections contained in existing law (Section 498A(b) [of the HEA])”²⁹ and the new authorities “go far, far beyond any power granted to a previous Secretary of Education to withhold financial aid to specific institutions.”³⁰

Further, this process envisioned in H.R. 7891 threatens to directly conflict with the directives of the FAFSA Simplification Act to reduce the verification burdens and hurdles for institutions. Since any of the enforcement mechanisms in H.R. 7891 could be triggered after just one improper disbursement; something as innocuous as a clerical error could trigger a hasty compliance review that could risk a school’s Title IV eligibility. Stakeholders have urged Congress to instead calibrate the review triggers to “actual patterns of institutional noncompliance”,³¹ reasoning that “[a]n isolated disbursement error shouldn’t land an institution on a prioritized program review list—and certainly not subject them to a limitless audit or investigation.”³² Other higher education stakeholders also argue that “this bill is likely to have a disproportional impact on community colleges and other open access [colleges] since they have been a key target for fraud”³³ and also typically have to navigate smaller operating budgets.³⁴

During the markup, Ranking Member Scott offered an amendment to narrow the review trigger to institutions that display a pattern of disbursing student aid to fraudulent applicants and to allow institutions an opportunity to correct any mistakes. This amendment was withdrawn after the Majority and Minority publicly discussed working together to properly tailor the enforcement mechanisms before the bill reached the House Floor. Unfortunately, discussions to create enforcement mechanisms agreeable to both sides were not productive. Without narrowing the scope of enforcement strictly to existing program reviews or giving institutions

²⁸ See 34 C.F.R. Part 668 Subpart H (updated May 14, 2026); See U.S. Dep’t of Educ., Off. of Fed. Stud. Aid, *2025-2026 Federal Student Aid Handbook, Ch. 8—Program Reviews, Sanctions, & Closeout*, <https://fsapartners.ed.gov/knowledge-center/fsa-handbook/2025-2026/vol2/ch8-program-reviews-sanctions-closeout>.

²⁹ Bryce McKibben & Michael H. Gavin, *The Hidden Power Grab in “Fraud Prevention”—and the Students Who Will Pay*, Hope Ctr. For Stud. Basic Needs (Apr. 29, 2026), <https://hope.temple.edu/newsroom/hope-blog/hidden-power-grab-fraud-prevention-students-who-will-pay>.

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ Nat’l Coll. Attainment Network, *Three Federal Student Aid Bills Slated for Markup* (Mar. 16, 2026), <https://www.ncan.org/Web/News/722348.aspx>.

³⁴ Victoria Yuen, *The \$78 Billion Community College Funding Shortfall*, Ctr. for Amer. Prog. (Oct. 7, 2020), <https://www.americanprogress.org/article/78-billion-community-college-funding-shortfall/>.

a chance to provide additional information prior to triggering non-compliance status, H.R. 7891 creates unnecessary risks to upsetting the administration of federal student aid for too many students.

H.R. 7891 IS TOO BROAD TO NARROWLY DETECT IDENTITY FRAUD

H.R. 7891 establishes a new term, “reasonable suspicion of identity fraud,” that is not currently utilized in higher education statutes or regulations. Reasonable suspicion is a legal evidentiary standard stronger than simple speculation but lower than probable cause necessary to support a search warrant.³⁵ Generally reasonable suspicion requires law enforcement to present specific and articulable facts beyond a “hunch” to justify a search.³⁶ H.R. 7891 does not include any definition of “reasonable suspicion of identity fraud” to clarify how this standard will operate in the identity fraud verification setting. Following from the common law concept of reasonable suspicion, it is foreseeable that H.R. 7891 could be interpreted as giving the Secretary fairly broad power to identify institutions for potential investigations and program reviews since the standard for determining if an application presents a reasonable suspicion of identity fraud would be relatively low.

However, other language of the bill suggests that the Department will interpret “reasonable suspicion” well past the bounds of common law. The bill text suggests the Department may identify for further investigation any institution that does not require live or video identity verification for students the Department considers to under reasonable suspicion of identity fraud. This is because the bill allows an institution to avoid this reasonable suspicion framework entirely if it

“demonstrates to the Secretary that, with respect to each such student, before the disbursement of Federal financial aid to the student, the institution, in accordance with procedures established by the Secretary, determined that a reasonable suspicion of identity fraud was not present by confirming the identity of such student using in-person verification or live, synchronous audiovisual verification and notified the Secretary that the identity of the student has been verified, and maintains a record of such identity verification.”³⁷

While the identity fraud detection system that will determine how the Department establishes reasonable suspicion is not the subject of this bill, that is moot from the perspective of an institution. H.R. 7891 will greatly incentivize institutions to implement in-person or audiovisual verification for all students at some point prior to disbursement of funds.

³⁵ Cassandra J. Barnum & Peter G. Berris, Cong. Rsch. Serv., IF13169, Fourth Amendment Search Warrant Requirements (2026).

³⁶ *E.g.* Terry v. Ohio, 392 U.S. 1, 27 (1968) (“And in determining whether the officer acted reasonably in such circumstances, due weight must be given not to his inchoate and unparticularized suspicion or “hunch,” but to the specific reasonable inferences which he is entitled to draw from the facts in light of his experience.”).

³⁷ Student Aid Fraud Oversight and Accountability Act of 2026, H.R. 7981, 119th Cong. (2026) (emphasis added).

During the markup, Democrats expressed that, consistent with established law, “reasonable suspicion” should be a standard based on specific, articulable facts to prevent any administration from being able to target specific institutions or student populations due to concerns unrelated to identity fraud. Some stakeholders urged Congress to ensure “such powers cannot be weaponized against perceived political enemies—perhaps a state or college that isn’t politically aligned with the Administration.”³⁸

To successfully implement the proposed verification framework, we believe the definition of reasonable suspicion must be narrowed to protect institutions and student populations from being politically targeted due to founded or unfounded concerns unrelated to identity fraud and to mitigate longstanding concerns about the impact of verification on real students flagged for additional reviews. Ranking Member Scott also offered an amendment to narrow the definition of “reasonable suspicion of identity fraud.” This amendment was withdrawn after Members of the Majority and Minority publicly discussed working together to establish a narrow and articulable standard of reasonable suspicion before the bill reaches the House Floor.

H.R. 7891 COULD BE WEAPONIZED TO ADVANCE THE TRUMP
ADMINISTRATION’S ATTACKS ON POLITICAL ENEMIES

Since the time this Committee has considered H.R. 7891, the Trump Administration has launched a White House taskforce to eliminate fraud³⁹ and a new National Fraud Enforcement Division at the Department of Justice (DOJ).⁴⁰ It is still unclear how the new division or taskforce would work in conjunction with the Department to conduct investigations and other oversight for FAFSA and fraud prevention. Additionally, in every press release related to federal student aid fraud, the Trump Administration has aggressively marketed their targeting of those they perceive as non-citizens and Democrat-led states, rather than focusing purely on detecting and eliminating fraud rings.⁴¹ For example, one press release boasts about the Department’s partnership with the Department of Homeland Security (DHS) to “ensure illegal aliens no longer receive federal student aid funds,” despite the Department never presenting data that documentation status correlates with instances of identity fraud in student aid. Further, the recent tar-

³⁸McKibben & Gavin, *supra* note 29.

³⁹Exec. Order No. 14395, 91 Fed. Reg. 13485 (2026); White House, *Fact Sheet: President Donald J. Trump Establishes the Task Force to Eliminate Fraud* (Mar. 16, 2026), <https://www.whitehouse.gov/fact-sheets/2026/03/fact-sheet-president-donald-j-trump-establishes-the-task-force-to-eliminate-fraud/>.

⁴⁰Press Release, U.S. Dep’t of Just., Acting Attorney General Todd Blanche Issues Memorandum on the Creation of the National Fraud Enforcement Division (Apr. 7, 2026), <https://www.justice.gov/opa/pr/acting-attorney-general-todd-blanche-issues-memorandum-creation-national-fraud-enforcement>.

⁴¹*See, e.g.* Press Release, U.S. Dep’t of Educ., U.S. Department of Education Launches Comprehensive, Nationwide Federal Student Aid Fraud Prevention Effort (Apr. 27, 2026), <https://www.ed.gov/about/news/press-release/us-department-of-education-launches-comprehensive-nationwide-federal-student-aid-fraud-prevention-effort>; Press Release, U.S. Dep’t of Educ., U.S. Department of Education Fights Fraud in Student Aid to Protect the American Taxpayer (May 28, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-fights-fraud-student-aid-protect-american-taxpayer>.

getting of Democrat-led Minnesota⁴² and the state’s Somali community⁴³—through levers including Immigrations and Customs Enforcement (ICE) officer deployment⁴⁴ and federal fraud investigations—underscore how willing the Trump Administration is to leverage alleged fraud violations as a politicized tool for immigration enforcement.

This administration has pursued investigations and indictments of perceived enemies of the President, often without apparent regard to the underlying merit of the allegations.⁴⁵ Since his return to the White House, we have already seen the Department of Justice investigate or attempt to prosecute individuals like Federal Reserve Board Chief Jerome Powell who deliberately disobeyed him, individuals like Former FBI Director James Comey who publicly disagreed with him, or individuals like New York Attorney General Tish James who successfully prosecuted him.⁴⁶ The most recent occurrence came this month: Virginia State Senator L. Louise Lucas (D–Portsmouth) had her political office and place of business searched by the FBI.⁴⁷ It should be noted that this occurred just two weeks after State Sen. Lucas helped lead the successful effort by Virginia voters to reject President Trump’s attempt to rig the midterm elections, and one day after the President took political revenge on at least five state legislators for failing to follow his orders to gerrymander in Indiana.

When coupled with the continued political weaponization like this across the federal government, stakeholders fear that H.R. 7891 would exacerbate “the Administration’s continuous weaponization of federal funding and its move to threaten institutions and individuals” who do not support this weaponization, the Trump Administration would have “complete control, not oversight, of access and [higher education’s] operations.”⁴⁸ Until the Trump Administration makes clear the plans of its new taskforce and DOJ division and any potential partnerships with the Department, Democrats are hesitant to support H.R. 7891 without tighter enforcement guardrails to mitigate concerns of targeting perceived political adversaries.

⁴² Rachel Leingang, *What is it about Minnesota that made it a target for Trump’s ICE crackdown?* The Guardian (Feb. 14, 2026), <https://www.theguardian.com/us-news/2026/feb/14/why-minnesota-ice-crackdown-trump>.

⁴³ Ashleigh Fields, *Trump targets Somali community in Minnesota: What to know*, The Hill (Dec. 3, 2025), <https://thehill.com/homenews/state-watch/5631530-trump-targets-minnesota-somali-community/>.

⁴⁴ Rebecca Santana & Mike Balsamo, *Homeland Security plans 2,000 officers in Minnesota for its ‘largest immigration operation ever’*, Assoc. Press (Jan. 6, 2026), <https://apnews.com/article/immigration-enforcement-ice-noem-minnesota-somali-db661df6de1131a034da2bda4bb3d817>; Joshua Barajas, *Shooting deaths climb in Trump’s mass deportation effort*, PBS News (Jan. 29, 2026), <https://www.pbs.org/newshour/nation/a-look-at-shootings-by-federal-immigration-officers>.

⁴⁵ Protect Democracy, *Tracking retaliatory use of arrests, prosecutions, and investigations by the Trump administration*, <https://protectdemocracy.org/work/retaliatory-action-tracker/#tracker> (last updated May 5, 2026).

⁴⁶ E.g., Bill Barrow, *With action against Powell and the Fed, Trump’s list of targeted opponents grows longer*, PBS News (Jan. 12, 2026), <https://www.pbs.org/newshour/nation/with-action-against-powell-and-the-fed-trumps-list-of-targeted-opponents-grows-longer>.

⁴⁷ Eric Tucker, et al., *FBI searches Virginia Senate leader’s office as part of corruption probe*, AP sources say, Assoc. Press (May 6, 2026), <https://apnews.com/article/l-louise-lucas-corruption-fbi-virginia-redistricting-845b64e5f9df0beb5dbd10676f1be436>.

⁴⁸ McKibben & Gavin, *supra* note 29.

DEMOCRATIC AMENDMENTS OFFERED DURING MARKUP OF H.R. 7981

Committee Democrats put forward two amendments—one to narrow the program review trigger in the bill, and another to create standards for “reasonable suspicion of identity fraud” based on current risk identification practices. Both were withdrawn with the understanding that Members would agree to address these issues before the House Floor.

Amendment	Offered By	Description	Action Taken
#1	Mr. Scott	Adjusts the program review priority to institutions that have displayed a pattern of disbursing aid to fraudulent applicants, and to allow institutions to provide additional information before undergoing program reviews.	Withdrawn
#2	Mr. Scott	Clarifies that a reasonable suspicion of identity fraud is based on the current high-risk Verification Groups.	Withdrawn

CONCLUSION

It is critical to protect federal student aid from waste, fraud, and abuse, including identity fraud by ghost students and fraud rings. Due to the severity of this issue, Congress must work closely and thoughtfully with a wide range of stakeholders to ensure narrow fraud enforcement, decrease institutional verification burdens, and support students flagged for verification.

The majority of Committee Democrats supported H.R. 7891 when the Committee on Education and Workforce considered it on March 17, 2026, under the condition of addressing the concerns discussed in these views. As those negotiations produced no meaningful changes to the bill text, we cannot support this bill on the floor in its current form. Given the ongoing politicization of federal fraud prevention efforts and broad enforcement authority, we have concerns with how the Trump Administration may further weaponize federal student aid laws to unfairly target students or institutions. We urge the House of Representatives to oppose H.R. 7891 unless there is a significant narrowing of enforcement authority, adjustments to the program review trigger, and wider consultation of higher education stakeholders.

ROBERT C. “BOBBY” SCOTT,
Ranking Member.

