

Asbury Moody
 Moody Amendment #1

AMENDMENT NO. _____ Calendar No. _____

Purpose: 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—119th Cong., 2d Sess.

S. 2511

To establish a postsecondary student data system.

Referred to the Committee on _____ and
 ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by _____

Viz:

1 At the end, add the following:

2 **SEC. ____ . NO AID FOR GHOST STUDENTS ACT.**

3 (a) **SHORT TITLE.**—This section may be cited as the
 4 “No Aid for Ghost Students Act of 2026”.

5 (b) **IDENTITY FRAUD DETECTION SYSTEM.**—

6 (1) **IDENTITY FRAUD DETECTION SYSTEM.**—

7 Section 483 of the Higher Education Act of 1965

8 (20 U.S.C. 1090) is amended by adding at the end

9 the following:

10 “(e) **IDENTITY FRAUD DETECTION SYSTEM.**—

11 “(1) **IN GENERAL.**—In addition to or in con-

12 junction with other verification processes carried out

1 under this title, the Secretary shall use an identity
2 fraud detection system to review each application
3 submitted under this section on or after October 1,
4 2026, to determine whether the application presents
5 a reasonable suspicion of identity fraud. If the Sec-
6 retary determines that such an application presents
7 a reasonable suspicion of identity fraud, the Sec-
8 retary shall carry out notifications in accordance
9 with paragraph (2).

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

15 “(A) provide the applicant with notice—

16 “(i) of such determination and the
17 basis for such determination;

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

23 “(iii) that the applicant is subject to
24 additional identity verification require-

1 ments in accordance with section
2 487(a)(15); and

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

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

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

14 “(3) CONGRESSIONAL NOTICES AND REPORT.—

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

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

21 “(ii) not later than 30 days after im-
22 plementing any substantial change to such
23 system, a written description and rationale
24 for such change.

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

9 (2) ADDITIONAL VERIFICATION REQUIRE-
10 MENTS.—

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

14 (i) by striking “(15) The institution
15 acknowledges” and inserting “(15)(A) The
16 institution acknowledges”; and

17 (ii) by adding at the end the following
18 new subparagraph:

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

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

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

8 “(iii) maintains a record of such identity
9 verification.”.

10 (B) GUIDELINES ON INSTITUTIONAL
11 VERIFICATION PROCEDURES.—Not later than
12 October 1, 2026, the Secretary of Education
13 shall establish guidelines with respect to iden-
14 tity verification procedures to be carried out by
15 institutions of higher education under subpara-
16 graph (B) of section 487(a)(15) of the Higher
17 Education Act of 1965 (20 U.S.C.
18 1094(a)(15)), as amended by subparagraph
19 (A).