American Council on Education

Bill Summary

No Aid for Ghost Students Act of 2026

Background

On June 10, 2026, the U.S. House of Representatives passed the No Aid for Ghost Students Act of 2026 (H.R. 7892). Introduced by Rep. Burgess Owens (R-UT-4), this legislation seeks to prevent fraudulent actors from gaining access to federal student aid money through the Free Application for Federal Student Aid (FAFSA). The bill amends the Higher Education Act of 1965 to require that the U.S. Department of Education (the Department) use a fraud detection system to review every FAFSA that is submitted after October 1, 2026. The sponsor of this legislation defines a "**ghost student**" as a bad actor using fake or stolen identities to enroll in classes, collect the refundable portion of student aid, and then disappear—leaving taxpayers on the hook and denying real students an education.[1] While the Department is already implementing its own fraud detection systems on the FAFSA, this bill would enshrine these anti-fraud provisions in statute.

The Office of Federal Student Aid (FSA) at the Department is currently strengthening its fraud detection efforts on the FAFSA in a manner that is mostly consistent with the provisions in this bill. The Department claims that it has already prevented over $1 billion in taxpayer funds from being fraudulently accessed by bad actors due to these prevention measures.[2] These efforts include real-time fraud detection in the FAFSA form, which allows FSA to confirm the identity of every FAFSA applicant. FSA predicts that its enhanced identity confirmation system will substantially reduce the number of financial aid verification processes conducted by institutions moving forward. On July 7, 2026, ED's Office of the Inspector General (OIG) hosted a summit about anti-fraud efforts in the higher education space in order to highlight FSA's enhancements to the FAFSA and the importance of protecting taxpayer dollars.[3]

This legislation was approved on a bipartisan basis in the House Education and Workforce Committee and by the full U.S. House of Representatives.[4] After the passage in committee, Rep. Bobby Scott (D-VA-3), the Ranking Member on the committee who supported the bill in committee, declined to support the bill when the full House of Representatives voted. The legislation was ultimately approved by a vote of 249-172, with 36 Democrats voting in favor.[5]

Future Action in the Senate

Looking ahead, a similar companion bill, S. 2248, is expected to be marked up in the Senate HELP Committee in September 2026. It is a bipartisan proposal being co-led by Sen. Ashley Moody (R-FL) and Sen. Maggie Hassan (D-NH).

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[1] Owens, B. (2026, May 6). *No Aid for Ghost Students Act passes House* [Press release]. Office of Congressman Burgess Owens. https://owens.house.gov/posts/owens-no-aid-for-ghost-students-act-passes-house.

[2] U.S. Department of Education. (2025, December 11). *U.S. Department of Education prevents more than $1 billion in federal student aid fraud this year, additional crackdowns expected in 2026* [Press release]. 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.

[3] U.S. Department of Education. (2026, April 27). *U.S. Department of Education Launches Comprehensive, Nationwide Federal Student Aid Fraud Prevention Effort* [Press release]. https://www.ed.gov/about/news/press-release/us-department-of-education-launches-comprehensive-nationwide-federal-student-aid-fraud-prevention-effort.

[4] U.S. House Committee on Education and Workforce. (2026, March 17). Committee On Education and Workforce Record of Committee Vote. https://docs.house.gov/meetings/ED/ED00/20260317/119079/CRPT-119-ED00-Vote006-20260317.pdf.

[5] U.S. House Roll Call Vote 217. (2026, August 12). https://www.congress.gov/votes/house/119-2/217.

This bill summary was updated by ACE's Division of Government Relations and National Engagement (9/18/2026).

Summary: House-Passed Version

Identity Fraud Detection System

Section 483 of the Higher Education Act of 1965 would be amended.

Notification of Reasonable Suspicion of Identity

If the Secretary has reasonable suspicion of identity fraud, the Secretary shall provide the FAFSA applicant with a notice outlining the following items: 1) the determination of reasonable suspicion of fraud and the basis for the determination; 2) notice that the institutions designated by the applicant on the FAFSA will be notified of reasonable suspicion of fraud; and 3) notice that the applicant will be subject to additional scrutiny. The institutions designated on the FAFSA would be informed that the FAFSA applicant presents a reasonable suspicion of identity fraud. The institutions would then need to verify the applicant's identity before the disbursement of federal financial aid.

Congressional Notices and Report

By November 1, 2026, ED must have a written description of the identity fraud detection system and present it to Congress. All subsequent changes to system after this date must be described in writing and delivered to Congress no later than 30 days after the change is made.

On October 1 of each year, the Secretary will deliver a report on the evaluation of effectiveness of these systems to the House Education and Workforce Committee.

Additional Verification Requirements

Federal financial aid shall not be disbursed to the FAFSA applicant unless the institution 1) reasonable suspicion of fraud is not present by confirming the applicant's identity; 2) notifies the Secretary of the validity of the applicant's identity; and 3) maintains a record of the identity verification.

Guidelines for Institutional Verification

The Secretary shall establish guidelines for identity verification processes that will be conducted by institutions no later than October 1, 2026.