

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 7891  
OFFERED BY MR. THOMPSON OF PENNSYLVANIA**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

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

**4 SEC. 2. PROGRAM REVIEW PRIORITY CATEGORY.**

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

8 (1) in subparagraph (E), by striking “and” at  
9 the end;

10 (2) by redesignating subparagraph (F) as sub-  
11 paragraph (G); and

12 (3) by inserting after subparagraph (E) the fol-  
13 lowing:

14 “(F) institutions identified under para-  
15 graph (4); and”.

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

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

3 (2) by adding at the end the following:

4 “(4) shall identify each institution that has dis-  
5 bursed, on or after October 1, 2026, Federal finan-  
6 cial aid under this title for an award year to any  
7 student whose application under section 483 for  
8 such award year presented a reasonable suspicion of  
9 identity fraud, as determined by the identity fraud  
10 detection system used by the Secretary, except that  
11 the Secretary shall exclude from such identification  
12 any institution that demonstrates to the Secretary  
13 that, with respect to each such student, before the  
14 disbursement of Federal financial aid to the student,  
15 the institution, in accordance with procedures estab-  
16 lished by the Secretary, determined that a reason-  
17 able suspicion of identity fraud was not present by  
18 confirming the identity of such student using in-per-  
19 son verification or live, synchronous audiovisual  
20 verification and notified the Secretary that the iden-  
21 tity of the student has been verified, and maintains  
22 a record of such identity verification.”.

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

1       “(e) SPECIAL CONSIDERATIONS.—Identification of  
2 an institution under subsection (a)(4)—

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

6               “(2) shall not, by itself, constitute a determina-  
7 tion that such institution has failed to meet the re-  
8 quirements of this title.”.

