

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7892
OFFERED BY MR. OWENS OF UTAH**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

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

4 SEC. 2. IDENTITY FRAUD DETECTION SYSTEM.

5 (a) IDENTITY FRAUD DETECTION SYSTEM.—Section
6 483 of the Higher Education Act of 1965 (20 U.S.C.
7 1090) is amended by adding at the end the following:

8 “(e) IDENTITY FRAUD DETECTION SYSTEM.—

9 “(1) IN GENERAL.—In addition to or in con-
10 junction with other verification processes carried out
11 under this title, the Secretary shall use an identity
12 fraud detection system to review each application
13 submitted under this section on or after October 1,
14 2026, to determine whether the application presents
15 a reasonable suspicion of identity fraud. If the Sec-
16 retary determines that such an application presents
17 a reasonable suspicion of identity fraud, the Sec-

1 retary shall carry out notifications in accordance
2 with paragraph (2).

3 “(2) NOTIFICATION OF REASONABLE SUSPICION
4 OF IDENTITY FRAUD.—If the Secretary determines
5 that an application submitted under this section pre-
6 sents a reasonable suspicion of identity fraud, the
7 Secretary shall—

8 “(A) provide the applicant with notice—

9 “(i) of such determination and the
10 basis for such determination;

11 “(ii) that the information described in
12 subparagraph (B) will be transmitted to
13 each institution of higher education des-
14 ignated by the applicant in the application;
15 and

16 “(iii) that the applicant is subject to
17 additional identity verification require-
18 ments in accordance with section
19 487(a)(15); and

20 “(B) transmit to each institution des-
21 ignated by the applicant in the application, a
22 notice—

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

1 “(ii) that the applicant is subject to
2 identity verification requirements to be
3 carried out by the institution in accordance
4 with section 487(a)(15)(B), before the in-
5 stitution may disburse Federal financial
6 aid under this title to such applicant.

7 “(3) CONGRESSIONAL NOTICES AND REPORT.—

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

10 “(i) not later than November 1, 2026,
11 a written description of the identity fraud
12 detection system required under this sub-
13 section; and

14 “(ii) not later than 30 days after im-
15 plementing any substantial change to such
16 system, a written description and rationale
17 for such change.

18 “(B) ANNUAL EVALUATION AND RE-
19 PORT.—Not later than October 1, 2027, and
20 annually thereafter, the Secretary shall conduct
21 an evaluation of the effectiveness of the identity
22 fraud detection system carried out under this
23 subsection, and submit to the authorizing com-
24 mittees a report on the use and effectiveness of
25 such system.”.

1 (b) ADDITIONAL VERIFICATION REQUIREMENTS.—

2 (1) AMENDMENTS.—Section 487(a)(15) of the
3 Higher Education Act of 1965 (20 U.S.C.
4 1094(a)(15)) is amended—

5 (A) by striking “(15) The institution ac-
6 knowledges” and inserting “(15)(A) The insti-
7 tution acknowledges”; and

8 (B) by adding at the end the following new
9 subparagraph:

10 “(B) Beginning on October 1, 2026, the
11 institution will not disburse Federal financial
12 aid under this title to an applicant whose appli-
13 cation under section 483 presents a reasonable
14 suspicion of identity fraud under section 483(e),
15 unless the institution, in accordance with proce-
16 dures established by the Secretary—

17 “(i) determines that a reasonable sus-
18 picion of identity fraud is not present by
19 confirming the identity of such applicant
20 using in-person verification or live, syn-
21 chronous audiovisual verification;

22 “(ii) notifies the Secretary that the
23 identity of the applicant has been verified;
24 and

1 “(iii) maintains a record of such iden-
2 tity verification.”.

3 (2) GUIDELINES ON INSTITUTIONAL
4 VERIFICATION PROCEDURES.—Not later than Octo-
5 ber 1, 2026, the Secretary of Education shall estab-
6 lish guidelines with respect to identity verification
7 procedures to be carried out by institutions of higher
8 education under subparagraph (B) of section
9 487(a)(15) of the Higher Education Act of 1965 (20
10 U.S.C. 1094(a)(15)), as amended by paragraph (1).

