July 29, 2026

The Honorable Bill Cassidy, M.D.
Chair
Committee on Health, Education, Labor, and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Bernie Sanders
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate
428 Dirksen Senate Office Building
Washington, DC 20510

Re: Support for S. 4428, the No Aid for Ghost Students Act of 2026

On behalf of the American Fintech Council (AFC), I am writing to express our strong support for Senate Bill 4428 (S. 4428), the No Aid for Ghost Students Act of 2026. This bipartisan legislation would strengthen safeguards within the federal student aid system by requiring the Department of Education to use an identity fraud detection system when reviewing Free Applications for Federal Student Aid. Notably, the House of Representatives has already passed the companion legislation, H.R. 7892. We therefore urge the Senate Committee on Health, Education, Labor, and Pensions to Committee to report S. 4428 favorably and encourage the Senate to pass the bill without delay in order to effectively strengthen the integrity of the federal student aid system for both borrowers and lenders.

AFC is a standards-based organization and the largest and most diverse trade association representing financial technology companies and innovative banks. On behalf of more than 150 member companies and partners, AFC promotes a transparent, inclusive, and customer-centric financial system by supporting responsible innovation in financial services and encouraging sound public policy. AFC members include banks, nonbank lenders, student lenders, payments providers, loan servicers, credit bureaus, and personal financial management companies that collectively serve millions of consumers across the United States.

AFC has long advocated for pragmatic reforms to the Federal Student Aid program.[1] Notably, in October 2024, we called on the Office of Federal Student Aid to remedy technological issues impacting the student lending process, including challenges to providing student loan data to

[1] American Fintech Council, letter to Denise Carter (Acting Chief Operating Officer, U.S. Department of Education Federal Student Aid), October 16, 2024, "The Office of Federal Student Aid's Technological Issues Impacting the Student Lending Process," *available at* https://fintechcouncil.org/advocacy/federal-advocacy-letter-to-federal-student-aid-office-on-technological-issues.

loan servicers and providing permissioned third-party access to student loan data. While these technological issues persist, AFC recognizes the importance of combatting additional challenges to the student borrowing ecosystem through legislation.

Protecting the integrity of federal student aid is essential to preserving access for the students whom these programs were established to serve. Fraudulent applicants employing fabricated or stolen identities can divert limited federal resources, impose substantial administrative and financial burdens on institutions of higher education, and undermine confidence in programs that enable millions of Americans to pursue educational and economic opportunity. S. 4428 would address these vulnerabilities by requiring the Department of Education to screen FAFSA submissions for indications of identity fraud and by preventing the disbursement of federal student aid to flagged applicants until their identities have been appropriately verified.

The legislation also strikes a prudent balance between fraud prevention and continued access to legitimate financial assistance. By establishing consistent detection, verification, reporting, auditing, and oversight requirements, S. 4428 would create a more durable framework for identifying suspicious applications before federal funds are improperly distributed. These measures would help protect taxpayers and educational institutions while ensuring that eligible students are not forced to compete with fraudulent applicants for resources intended to support their academic advancement.

AFC applauds Senator Moody, Senator Hassan, and Senator Tuberville for introducing this bipartisan legislation Given pressing need to protect the federal student aid system from increasingly sophisticated forms of identity fraud, we respectfully urge the Committee to report S. 4428 favorably and encourage the Senate to pass the bill without delay. AFC welcomes the opportunity to serve as a resource and to provide further perspective on the role that responsible technology and identity verification practices can play in protecting students, institutions, and taxpayers.

Sincerely,

Ian P. Moloney
Chief Policy Officer
American Fintech Council