



Welcome to #WCETWebcast

June 22, 2017

- *The webcast will begin shortly.*
- *There is no audio being broadcast at this time.*
- *An archive of this webcast will be available on the WCET website next week.*

Welcome!

- *Use the question box for questions and information exchange.*
- *Archive and resources available next week.*
- *PowerPoint can be downloaded in the handouts pane.*
- *Follow the Twitter feed: #WCETwebcast.*



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@meraymond

Combatting Financial Aid Fraud

June 22

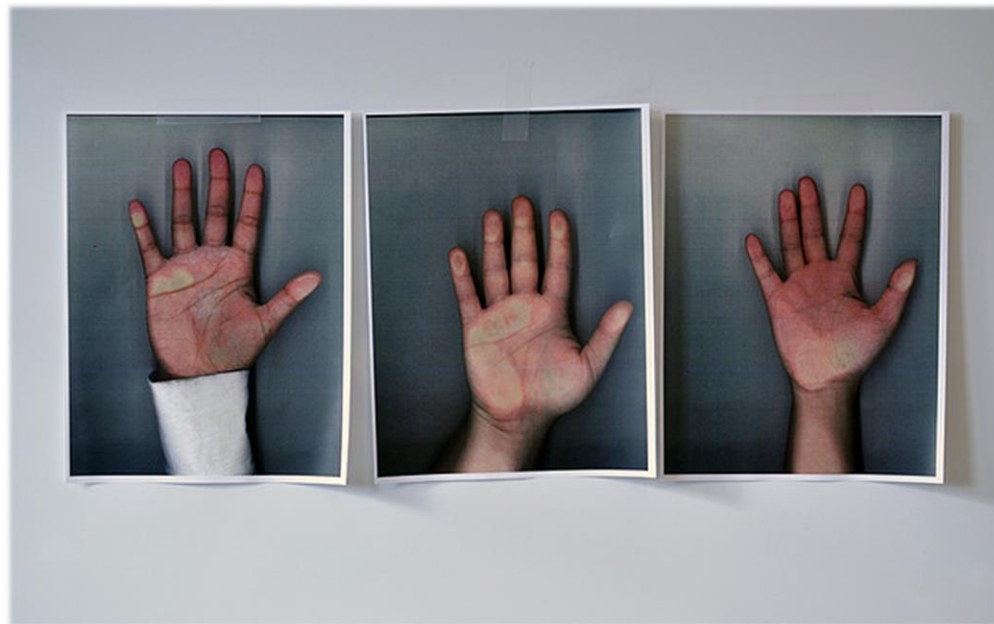


Overview



Questions from the Audience

- *If you have a question during the presentation, please add your questions to the question box.*
- *We will monitor the question box and have time for Q&A at the end of each section.*



Moderator

Amanda Babcock

- Online Programs Compliance Coordinator
 - WCET Steering Committee Member
 - University of Utah



Presenters

- **Kishia Brock**, Vice President of Strategy and Compliance, Maricopa Community Colleges
- **Chris Bustamante**, President, Rio Salado College
- **Tyson Heath**, Manager of State Authorization, Western Governors University
- **Russ Poulin**, Deputy Director, Policy and Analysis, WCET
- **Beverly Wade**, Director, State Authorization in Distributed Learning, University of the Pacific

Student Identity: A Clarification of Terms

Russ Poulin

Deputy Director, Policy and Analysis,
WCET



Student Identity: A Clarification of Terms

Academic Integrity

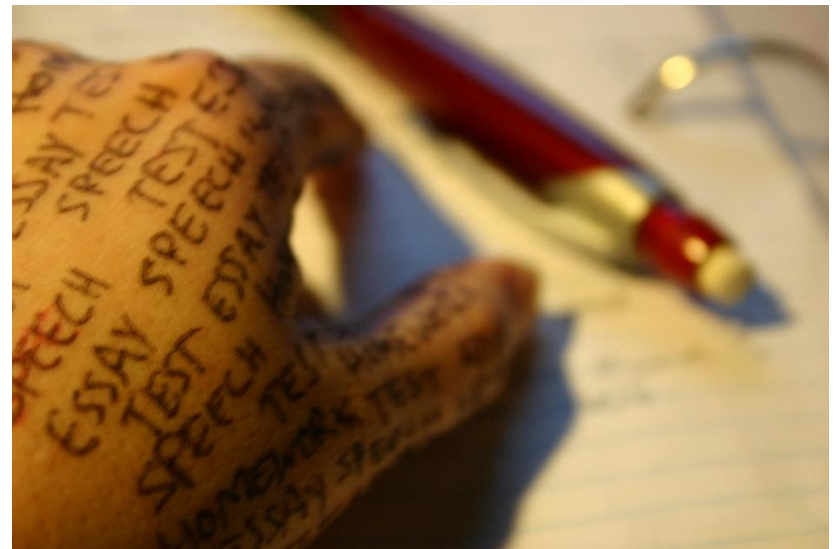
vs.

Financial Aid Fraud

Student Identity: A Clarification of Terms

Academic Integrity

Combatting:
cheating, plagiarism, and
academic dishonesty.



<http://mrg.bz/e0a95a>

Student Identity: A Clarification of Terms

Financial Aid Fraud

Combatting:
Using false identities to
steal federal
financial aid funds.



<http://mrg.bz/ff15ae>

Student Identity: The Federal Role

Office of Inspector General Report – February 2014

**Title IV of the Higher Education Act Programs:
Additional Safeguards Are Needed to Help Mitigate the Risks That
Are Unique to the Distance Education Environment**

FINAL AUDIT REPORT

Congress examining
increased “improper
payments” of aid.



STUDENT AID AND LOANS

Student Aid Skirmish

Republicans in Congress press issue of improper payments by Department of Education and suggest possible subpoena of former student aid chief.

ED-OIG/A07L0001
February 2014

By [Andrew Kreighbaum](#) // May 26, 2017

7 COMMENTS ↵

<https://wctfrontiers.org/2014/02/26/financial-aid-fraud/>

Rio Salado College:

How one institution handled fraud



Kishia Brock

Vice President of
Strategy and Compliance
Maricopa Community Colleges



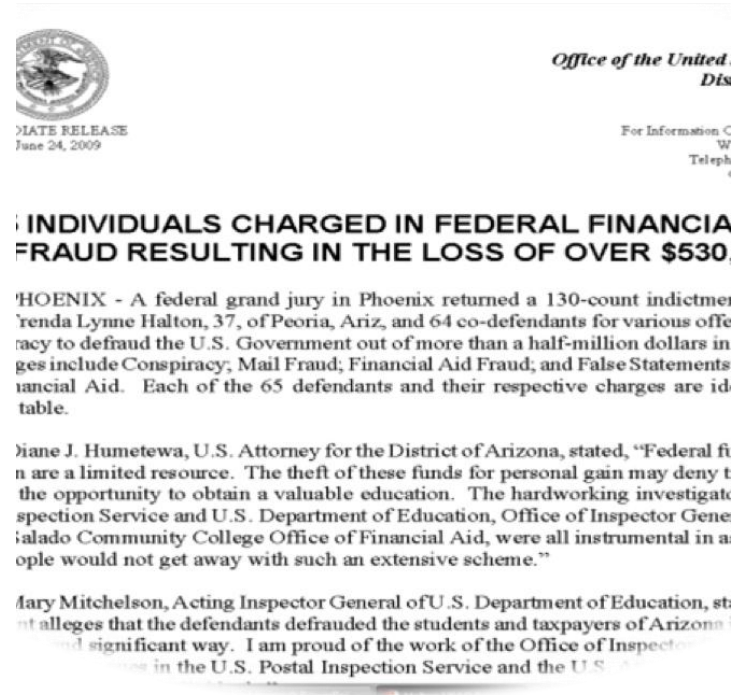
Chris Bustamante

President
Rio Salado College



First Discovery

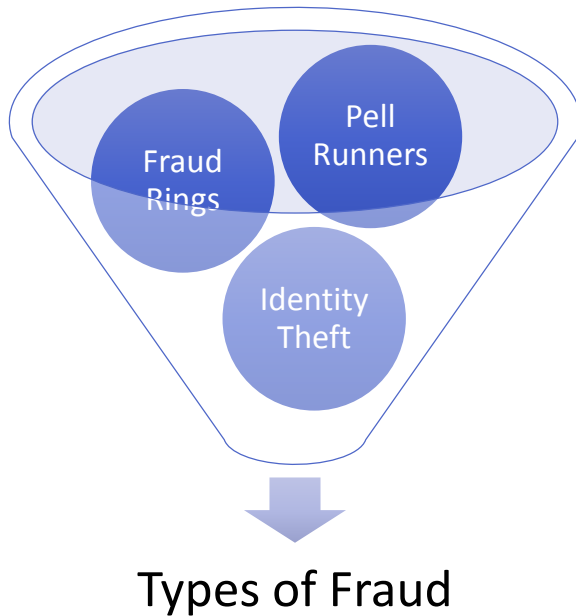
- Observant part-time document intake employee made discovery.
- Multiple document/IDs with the similar or identical:
 - Handwriting.
 - Demographic Information.
- Reported/collaborated with OIG.
- Resulted indictment and conviction.



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COMMUNITY COLLEGES

Rio Salado
College

Understanding the Issue



- Fraud Rings
 - Ring Leaders/Recruiters.
 - Straw Students.
 - Large/costly.
- Pell Runners
 - Small numbers.
 - Isolated – difficult to identify and prevent.
- Identity Theft
 - Stolen identities.
 - Deceased.
 - Children.



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Response verses Prevention

- Response
 - Policies, process and procedures.
 - Aftercare on impacted accounts.
 - Reporting/Investigations.
- Prevention
 - College-wide issue (not just FA).
 - Proactive/Data analytics.
 - Training and Expectations.
 - What constitutes Fraud.
 - Fair/equitable treatment.



Balancing Act



- Access
 - Open access.
 - Ease of entry – seamless student experience.
 - No-Cost admission process.
- Fraud Prevention Strategies
 - Admission process.
 - Enrollment obstacles.
 - Application fees.



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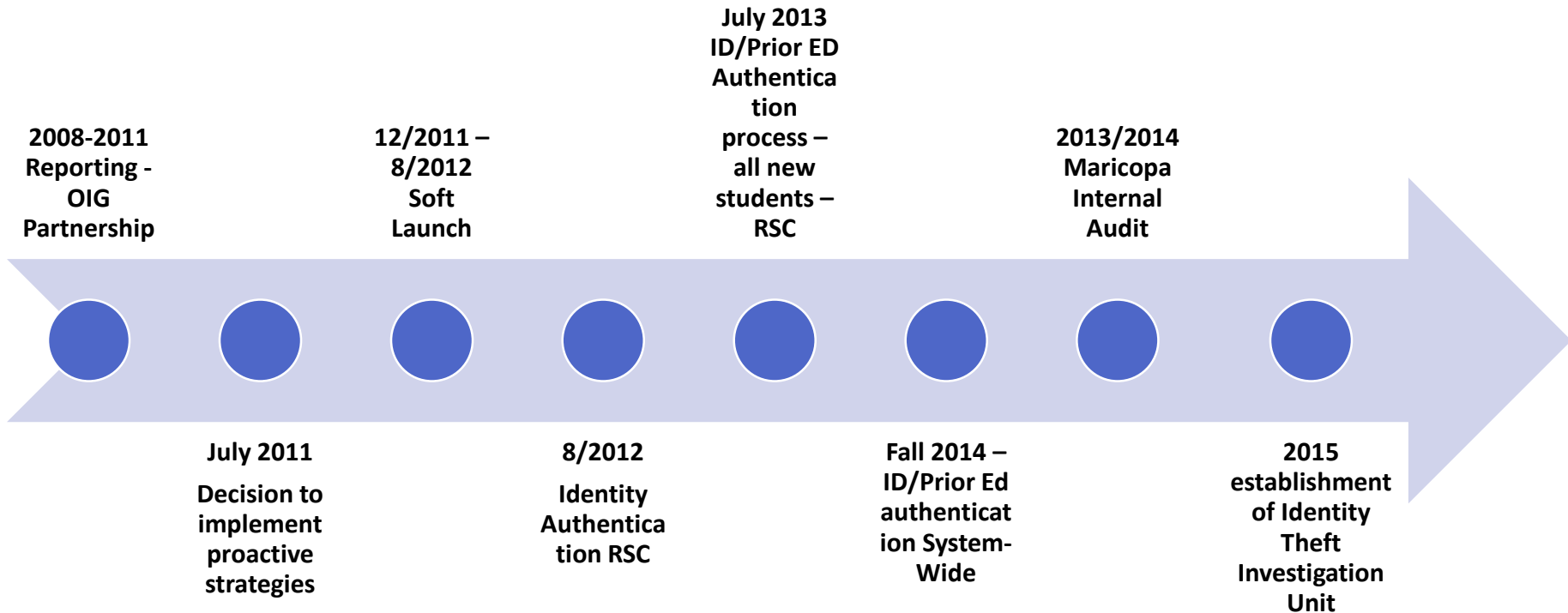
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Formulating a Solution

- Work with the 'Student Life Cycle' – promote success.
- Implemented Admission Requirements
 - Understand intent.
 - Identity validation.
 - Prior education validation.
- Monitoring/Analyzing Data.
- Flag suspicious data points for future prevention.



Timeline



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Current State



- Identity Theft Investigation Unit (ITIU)
 - Red Flag Rules.
 - Identity Theft Investigations.
 - OIG Requests.
- System-Wide Data Analytics Tool
 - Funnel to arrive at potential rings to investigate.
 - Proactively flag various data elements.
- Promote vigilance as part of the prevention strategy.

President's Perspective

College Impact

Best Practices

- Dedicated staff and resources for “front gate” of College.
- Follow Department of Education guidelines.
- Transparency and Communications strategy.
- Share lessons learned.



Financial Aid Fraud Stories

Tyson Heath,
Manager of State
Authorization,
Western Governors
University



Beverly Wade,
Director, State
Authorization in
Distributed
Learning, University
of the Pacific



Large Scale Impact

- Introduction of online education prioritized the need for increased awareness to Title IV Fraud.
- The number of fraud recipients increased 82% between 2009 and 2012 (according to Office of Inspector General report, 2014).
 - \$187 million in stolen federal aid in 2012.
- IMPACT: less access to aid for legitimate students and potentially affects an institution's cohort default rate.

Most Common Fraud Scenarios

- A single individual using his/her own identity to obtain financial aid funds never intending to matriculate.
- An individual who steals others' identity or colludes with others to inundate the school with multiple fraud attempts.
- Sophisticated fraud ring.
- *While fraud can be committed by individual students or by institutional personnel working from within the system; however, the greatest concern is organized fraud rings.*

Recent Cases of Financial Aid Fraud

- Andrea R. Williams (36) - GA
 - Jan. 2013 – Nov. 2015
 - Received over \$200,000 in financial aid out of the over \$500,000 she was awarded.
 - Stole identities from the patient database where she worked.
 - Sentenced to just over 6 yrs. in prison and ordered to pay \$277,434.50.
- Bobby R. Lowe (66) – LA
 - Conspired with student applicants to produce fraudulent high school transcripts and diplomas; as well as GED certificates and transcripts.
 - Sent to the Office of Admission at Delgado Community College in New Orleans.
 - Scheme was to obtain federal financial aid.
 - Faces 5 yrs. imprisonment and fine.

Links to Fraud Stories

- Georgia Woman Sentenced for Fraud at Dallas County Community Colleges
<https://www2.ed.gov/about/offices/list/oig/invtreports/ga022017.html>
- Louisiana Fraud Case at Delgado Community College
<https://www2.ed.gov/about/offices/list/oig/invtreports/la012017.html>
- Bizarre Online Scheme for GI Bill Funds and Fake Courses
<https://www2.ed.gov/about/offices/list/oig/invtreports/nj042016.html>
- Fraud Scheme at Colorado Community Colleges
<https://www2.ed.gov/about/offices/list/oig/invtreports/co032016.html>
- California Woman Defrauds U of Phoenix and Capella U
<https://www2.ed.gov/about/offices/list/oig/invtreports/ca032016a.html>
- 20 Indicted in Puerto Rico Scheme
<https://www2.ed.gov/about/offices/list/oig/invtreports/pr022016.html>
- GA Woman at Rio Salado College
<https://www2.ed.gov/about/offices/list/oig/invtreports/ga082015.html>

Interviews

- The identification of fraud is difficult in certain circumstances.
- Major innovation was wedding FAFSA to IRS data retrieval tool.
- Return of Title IV is a big component of holding institutions responsible.
- **Most important lesson:** If doing each component of the regulations, then institutions will find mismanagement and/or fraud. Financial aid department must work in conjunction with other departments to have a comprehensive system.

Interviews Cont.

- Created a red flag process at the financial aid and advising levels that includes other stakeholders.
- Treat each red flag on a case-by-case scenario.
- Have discovered several fraud rings that were reported to Inspector General and prosecuted.
- **Most important lesson:** Facts are stranger than fiction. Don't make rash decisions, give the benefit of the doubt.

Potential Red Flags

- Students with large financial aid refunds for disbursements.
- Students who have attended several other colleges.
- Students who have large student loan balances but who have not completed a degree.

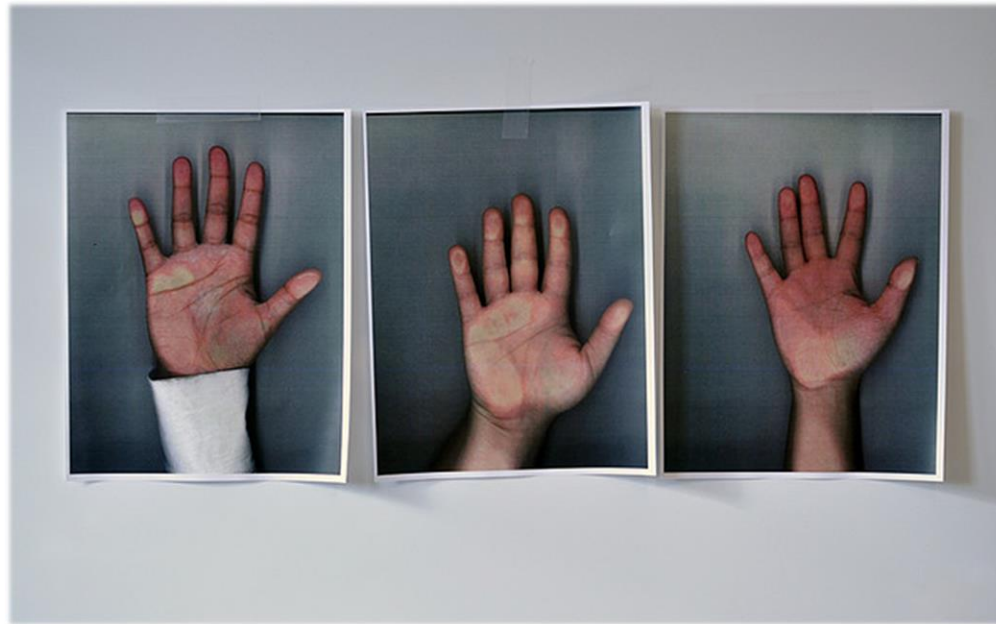
Current Best Practice

- Acknowledge the Issue.
- Follow the Department of Education's Guidelines.
 - Ex: Unusual enrollment history procedures.
- Use Fraud Detection Technologies.
- Verify Applicant Identities.
- "Keep Eyes and Ears Open."
- Centralized Fraud-related work.
 - Students.
 - Faculty.
 - Student Financial Aid Officers.

Current Resources

- Financial aid fraud finding from the Ed Dept. Office of Inspector General in 2011
<https://ifap.ed.gov/dpcletters/GEN1117.html>
- Audit Report from the Ed Dept. Office of Inspector General in 2014
<https://www2.ed.gov/about/offices/list/oig/auditreports/fy2014/a07l0001.pdf>
Still awaiting response from DOE
- Proposed Safeguards Against Financial Aid Fraud: Some Needed, Some Go Too Far
<https://wcetfrontiers.org/2014/02/26/financial-aid-fraud/>
- American Association of Community Colleges Preventing Fraud and Abuse Paper
http://www.aacc.nche.edu/Publications/Reports/Documents/Preventing_Abuse.pdf

Questions from the Audience



Contact Information

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Join WCET: learn more about the benefits of joining our community: <http://wcet.wiche.edu/join-wcet>

- Register for our next webcast: [eLearning Consortia: Stories from the Past Looking to the Future](#) on August 17.

Additional Information and Resources

Access to the resources discussed during this webcast, including the archive, will be available next week.

<http://wcet.wiche.edu/connect/webcasts>



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