

**AMENDMENT TO THE AMENDMENT IN THE  
NATURE OF A SUBSTITUTE TO H.R. 609  
OFFERED BY MS. MCCOLLUM OF MINNESOTA**

**Fraud and Abuse Study**

At the end of title IV of the Amendment, add the following new section:

1 **SEC. \_\_\_\_.** **REPORT TO CONGRESS ON PREVENTION OF**  
2 **FRAUD AND ABUSE IN STUDENT FINANCIAL**  
3 **AID PROGRAMS.**

4 Title IV is amended by adding at the end the fol-  
5 lowing new section:

6 **“SEC. 499.** **REPORT TO CONGRESS ON PREVENTION OF**  
7 **FRAUD AND ABUSE IN STUDENT FINANCIAL**  
8 **AID PROGRAMS.**

9 “(a) **PURPOSE.**—It is the purpose of this section to  
10 require the Secretary to commission an independent, non-  
11 partisan, comprehensive study on the prevention of fraud  
12 and abuse in title IV student financial aid programs, and  
13 to report the results of such study to Congress.

14 “(b) **SCOPE OF REPORT.**—The study under this sec-  
15 tion shall thoroughly identify and address the following:

16 “(1) The extent to which students are currently  
17 victimized by fraud and abuse in title IV student fi-



1       nancial aid programs, and the nature of such fraud  
2       and abuse.

3             “(2) The effectiveness of existing policies and  
4       requirements under this Act that were put in place  
5       to prevent fraud and abuse in title IV student finan-  
6       cial aid programs, and how such policies and re-  
7       quirements should be improved.

8             “(3) The extent to which existing protections  
9       against fraud and abuse under this Act are ade-  
10      quately enforced, and how enforcement should be  
11      strengthened.

12            “(4) Areas in which additional information is  
13      needed to assess the effectiveness of current protec-  
14      tions and enforcement against fraud and abuse.

15            “(5) Existing policies and requirements under  
16      this Act aimed at fraud and abuse that are ineffec-  
17      tive, hinder innovation, or could be eliminated with-  
18      out reducing effectiveness.

19            “(6) New policies and enforcement, particularly  
20      those suited for the current higher education mar-  
21      ketplace, needed to protect against fraud and abuse  
22      in title IV student financial aid programs.

23            “(7) The extent to which States are imple-  
24      menting regulations to protect students from fraud



1 and abuse, and whether changes to Federal law will  
2 preempt such regulations.

3 “(c) REPORT.—Not later than December 31, 2007,  
4 the Secretary shall transmit to Congress a report on the  
5 study conducted under this section. Such report shall in-  
6 clude clear and specific recommendations for legislative  
7 and regulatory actions that are likely to significantly re-  
8 duce the fraud and abuse in title IV student financial aid  
9 programs identified under subsection (b).”.

