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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Combatting Financial Aid Fraud

June 22
Overview

Welcome & Introductions → Fraud vs. Academic Integrity → Rio Salado: How one institution handled fraud → Financial Aid Fraud Stories → Q&A
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


Congress examining increased “improper payments” of aid.

Student Aid Skirmish

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

By Andrew Kreighbaum // May 26, 2017

https://wcetfrontiers.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.
Understanding the Issue

Types of Fraud

- **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.
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.
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

2008-2011 Reporting - OIG Partnership

12/2011 – 8/2012 Soft Launch

July 2011 Decision to implement proactive strategies

July 2013 ID/Prior ED Authentication process – all new students – RSC

8/2012 Identity Authentication RSC

Fall 2014 – ID/Prior Ed authentication System-Wide

2013/2014 Maricopa Internal Audit

2015 establishment of Identity Theft Investigation Unit
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 date 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
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• 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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October 25 - 27, 2017
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