



January 15, 2026

Enrollment Fraud Working Group Policies & Procedures

2025 Special Session Law, Chapter 5, Article 2, Sec. 60

Report to the Legislature
Minnesota State

Legislative Report –Enrollment Fraud Working Group

Executive Summary

The Minnesota State Colleges and Universities Enrollment Fraud Working Group was convened pursuant to the 2025 state statute requiring the development of policies and procedures to prevent fraudulent enrollment in online courses. The working group, currently composed of employee unions and administrative stakeholders, with invitations extended to student associations, faculty organizations, and other unions listed in legislation has examined the growing problem of ‘ghost students’ and enrollment fraud.

The fraud working group was initially formed two years prior to the legislative request, as risk factors were increasing. Once legislation was passed to establish the working group, Minnesota State briefed bargaining units and student association leaders on the work of the existing enrollment fraud working group and invited them to provide feedback, perspective, and guidance. Moving forward, this group will serve as the technical working group. They have been meeting weekly and will continue to do so. The working group formed in legislation will serve as an oversight working group, adding formality to the process. With enrollment fraud impacting everyone, it is important to have all voices heard. This work will be an ongoing effort to mitigate fraudsters.

Key Findings

- Enrollment Fraud Defined: Fraudulent actions include falsified records, stolen or fake identities, and financial aid fraud.
- Ghost Students: Fraudsters use stolen identities to enroll in courses, primarily to access financial aid and institutional technology services.
- Rising Threats: The pandemic-driven expansion of online learning has increased visibility and frequency of this vulnerability.
- Risks to Minnesota State: Large-scale attacks can divert federal aid, compromise IT systems, and erode trust in admissions and financial aid processes.
- Artificial Intelligence Battleground: Fraudsters leverage AI to enhance attacks, while Minnesota State employs AI-driven safeguards to counteract them.
- Protective Measures: Minnesota State has implemented business process changes, technical safeguards, and manual identity verification. Equity considerations remain central to ensure protections do not create barriers for legitimate students.

Fraud Working Group Accomplishments

- Implemented business process and technical safeguards to strengthen fraud detection.
- Developed and published the Enrollment Fraud User Guide, a comprehensive resource for campus and system office employees. The guide provides standardized protocols to deter fraudulent activities and clear steps for responding to suspected enrollment fraud, including account research, identity verification, and communication procedures.
- **Opportunity Area:** Automated identity proofing systems represent the most impactful safeguard, though implementation of this technology would require additional \$1–\$1.5 million annually.

Recommendations

Based on the findings of the working group, the following recommendations are offered to strengthen the ability of Minnesota State to prevent and mitigate enrollment fraud:

1. Investment in Automated Identity Proofing

- Allocate funding to acquire and implement an automated identity proofing system across Minnesota State Colleges and Universities.
- Estimated annual cost: \$1–\$1.5 million for acquisition, implementation, support, and maintenance.
- Prioritize solutions that balance fraud prevention with equitable access for younger students and those without established credit histories.

2. Ongoing Legislative Oversight

- Require annual reporting to the Legislature on enrollment fraud trends, mitigation efforts, and system performance.
- Ensure transparency in how funds are used to strengthen fraud detection and prevention.

3. Expansion of Cross-Functional Collaboration

- Continue and expand collaboration between Academic & Student Affairs, and Cybersecurity teams.
- Formalize the Fraud Working Group as a standing committee to monitor evolving threats and recommend timely safeguards.

4. Enhanced Training and Awareness

- As fraud tactics evolve continue to provide training for admissions, financial aid, and IT staff on fraud detection techniques.
- Develop awareness campaigns for students to recognize phishing attempts and fraudulent services.

5. Federal and State Partnership

- Continue to Collaborate with federal agencies (e.g., Department of Education) to share intelligence on fraud trends.
- Advocate for federal support in developing student-focused identity verification tools that account for student populations.

6. Equity-Centered Safeguards

- Ensure that fraud prevention measures do not create barriers for legitimate applicants, particularly underrepresented groups, and those without traditional credit profiles.
- Conduct equity impact assessments before implementing new safeguards.

7. Institutional Adoption of the Enrollment Fraud User Guide

- Ensure continued systemwide adoption of the Enrollment Fraud User Guide created by the working group.
- Require institutions to integrate the guide's standardized protocols into admissions, financial aid, and IT practices.
- Provide ongoing updates to the guide as fraud tactics evolve, ensuring it remains a living resource for staff training and operational response.

Conclusion

Enrollment fraud is a persistent and evolving challenge. Minnesota State has taken significant steps to mitigate risks, but continued investment and vigilance are required. Automated identity proofing systems should be prioritized to strengthen defenses, while maintaining equitable access for all students. The Minnesota State System remains committed to protecting taxpayer resources, preserving institutional integrity, and ensuring that legitimate students receive the support they need to succeed.

State of Minnesota Legislative Report

Ghost Students and Enrollment Fraud in Online Higher Education

Purpose

This report is submitted in compliance with the 2025 Special Session Law, Chapter 5, Article 2, Sec. 60, establishing the **State Colleges and Universities Enrollment Fraud Working Group**. The statute requires the Board of Trustees of the Minnesota State Colleges and Universities to convene a working group to develop policies and procedures to prevent fraudulent enrollment in online courses for the purpose of gaining access to financial aid, campus information technology systems, and student support services. The working group requires representatives from:

1. Minnesota State University Student Association
2. Minnesota State College Student Association
3. Minnesota State College Faculty
4. Inter Faculty Organization
5. Minnesota Association of Professional Employees
6. Minnesota State University Association of Administrative and Service Faculty
7. American Federation of State, County and Municipal Employees
8. Other representatives as deemed necessary by the working group

Background

Enrollment fraud refers to deceptive or illegal actions intended to gain unauthorized access to institutional systems and student accounts, often with the goal of dishonestly acquiring student benefits. Common forms of enrollment fraud include:

- Submission of falsified academic records (test scores, transcripts, etc.)
- Use of stolen or fabricated identities to apply for admission or enroll in courses
- Financial aid fraud through false information to obtain federal or state aid
- Financial fraud involving stolen credit cards or fraudulent payments

Fraudsters may attempt to:

- Collect financial aid without attending classes
- Steal technology resources (e.g., Microsoft Office, Zoom accounts) for resale
- Exploit student information systems to access sensitive records

The incidence of enrollment fraud has increased significantly in recent years, both within Minnesota State and nationally. Consequences include financial losses, reputational damage, compliance violations, and erosion of trust in admissions and financial aid systems. The Fraud Working group was initially formed two years prior to the legislative request, as risk factors were increasing. Once legislation was passed to establish the working group, Minnesota State briefed bargaining units and student association leaders on the work of the existing enrollment fraud working group and invited them to provide feedback, perspective, and guidance. Moving forward, this group will serve as the technical working group. They have been meeting weekly and will continue to do so. The working group formed in legislation will serve as an oversight working group, adding formality to the process. With enrollment fraud impacting everyone, it is important to have all voices heard. This work will be an ongoing effort to mitigate fraudsters.

Definition of “Ghost Students”

Ghost students are fraudulent enrollments created using stolen or fictitious identities. These fabricated students, often acquired via stolen identities, exploit application systems to illegitimately obtain government aid and institutional technology services.

Trends and Contributing Factors

Ghost students are not a new phenomenon; however, the COVID-19 pandemic highlighted the availability of online learning, creating expanded opportunities for fraud. Colleges and universities nationwide have become prime targets due to slower adoption of cybersecurity defenses compared to other industries.

Risks to Minnesota State

Fraudsters often operate at scale, attempting to enroll hundreds or thousands of ghost students simultaneously. Once enrolled, these fraudulent accounts may:

- Apply for Pell Grants and other federal subsidies, diverting funds from legitimate students

- Gain access to institutional services such as learning management systems, email, and productivity software
- Launch phishing campaigns or advertise fraudulent “homework completion” services to convince students to provide more information or funds directly

Artificial Intelligence (AI)

Fraudsters increasingly leverage AI tools to enhance their schemes. Minnesota State also employs AI-driven detection systems to identify and mitigate fraudulent activity.

Current Protective Measures

Fraud cannot be fully eliminated; therefore, Minnesota State focuses on **risk mitigation**. Key measures include:

- **Cross-functional collaboration:** Anti-Fraud teams work with Academic and Student Affairs to standardize safeguards.
- **Manual identity verification:** Staff review applications to confirm authenticity, sometimes requiring additional proofing steps.
- **Future system integration:** Plans to utilize validation tools in the new Student Information System (WorkDay), or system-wide identity system (StarID).
- **Equity considerations:** Safeguards are designed to avoid creating barriers for younger students or those without established credit profiles.

Policy and Process Improvements

The Fraud Working Group has implemented several safeguards:

- **Business Process Changes:** Numerous enhancements to the Student Information System for improved identification, alerting, reporting, and tracking of fraudulent applications.
- **Technical Safeguards:** Strengthened identity verification and faster fraud detection capabilities to support cybersecurity teams.
- **Enrollment Fraud User Guide:** The working group developed and published a comprehensive **Enrollment Fraud User Guide**. This guide provides campus and system office employees with standardized protocols to deter fraudulent activities and clear steps for responding to suspected enrollment fraud. It includes procedures for account

research, identity verification, application cancellation, and communication with impacted students.

While progress has been made, ongoing improvements are necessary to keep pace with evolving threats.

Opportunity Area

The working group identified **automated identity proofing systems** as the most impactful safeguard. Estimated costs for acquisition, implementation, support, and maintenance are **\$1–\$1.5 million annually**.

Recommendations

Based on the findings of the Enrollment Fraud Working Group, the following recommendations are offered:

1. Investment in Automated Identity Proofing

- Allocate funding to acquire and implement an automated identity proofing system across Minnesota State Colleges and Universities.
- Estimated annual cost: \$1–\$1.5 million.

2. Ongoing Legislative Oversight

- Require annual reporting to the Legislature on enrollment fraud trends, mitigation efforts, and system performance.

3. Expansion of Cross-Functional Collaboration

- Formalize the Fraud Working Group as a standing committee to monitor evolving threats and recommend timely safeguards.

4. Enhanced Training and Awareness

- Provide regular training for admissions, financial aid, and IT staff.
- Develop awareness campaigns for students to recognize phishing attempts and fraudulent services.

5. Federal and State Partnership

- Collaborate with federal agencies to share intelligence on fraud trends.
- Advocate for federal support in developing student-focused identity verification tools.

6. **Equity-Centered Safeguards**

- Ensure fraud prevention measures do not create barriers for legitimate applicants, particularly underrepresented groups and younger students.

7. **Systemwide Adoption of the Enrollment Fraud User Guide**

- Mandate integration of the guide's standardized protocols into admissions, financial aid, and IT practices.
- Provide ongoing updates to ensure the guide remains a living resource.

Conclusion

Enrollment fraud, particularly the rise of ghost students, represents a persistent and evolving challenge for Minnesota State Colleges and Universities. While significant progress has been made through business process changes, technical safeguards, and collaborative efforts, continued investment and vigilance are essential.

The working group recommends prioritizing the implementation of automated identity proofing systems, strengthening cross-functional collaboration, and maintaining equity-centered safeguards. Additionally, the **Enrollment Fraud User Guide** should be formally adopted systemwide to ensure consistent, standardized responses to fraud across all campuses. Legislative support in funding, oversight, and partnership will be critical to ensure that Minnesota State can protect taxpayer resources, uphold institutional integrity, and guarantee that legitimate students receive the financial aid and services they need to succeed.



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