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May 15, 2025

Assemblymember John Harabedian, Chair
Senator John Laird, Vice Chair
Joint Committee on Legislative Audit
1020 N St., Rm. 107
Sacramento, CA 95814

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Re: Fraudulent Student Audit Request

Dear Chair Harabedian and Vice Chair Laird,

We the undersigned Legislators are seeking your support to audit the impact of fraudulent students, including bots, on California's community colleges, students, and faculty.

During the pandemic, most California Community Colleges (CCC) transitioned to nearly an entirely online class schedule. While this was meant to expand educational opportunities during a time of fear and chaos in our public spheres, an unintended consequence was an opportunity for scammers to commit fraud. These scammers pretend to be legitimate students, enrolling in courses and collecting financial aid meant for the state's most vulnerable students. Since the Chancellor's Office began requiring districts to report fraudulent enrollment three years ago, the system has seen a yearly doubling of millions of dollars lost due to this issue. The problem now goes beyond online courses – fraudulent students are also enrolling in hybrid and face-to-face classes.

This attack on community colleges left campuses scrambling to create responses to ever-changing fraudsters without adequate guidance. While some campuses were diligent in identifying fraudulent enrollments, some are too under-resourced to address the enormity of the project. Additionally, there are other bad actors that may be attempting to take advantage of the artificially-inflated enrollments to increase their funding allotment through the Student-Centered Funding Formula. The cost to individual districts is enormous, requiring IT specialists, admissions and records administrators, institutional effectiveness administrators, and countless classified support that could be better utilized serving existing students and supporting student instruction.

This rampant fraud is not only negatively impacting students, but faculty working conditions. For example, if a class's fraudulent enrollments are not caught before the first day of classes, the college may find that they have severely under-enrolled courses that

do not meet thresholds for “running” the classes. Part-time faculty who agree to teach classes and prepare their courses are at risk of having their jobs taken away from them without recourse. Full-time faculty may have classes canceled and cannot meet their contractual load requirements, derailing their tenure process or retirement status. Additionally, fraudulent enrollments create the artificial need for “more classes,” which increases the likelihood that a college will offer multiple sections of under-enrolled courses, so the faculty class losses are compounded, and the institution spends money needlessly.

Here are specific questions we request the auditor to investigate:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. For the CCC statewide system, determine the following by year starting in 2020:
 - (a) The number of fictitious students enrolled, denied enrollment, and disenrolled. Compare these numbers to total enrollment.
 - (b) Any trends in fraudulent enrollments, such as preferred course types or targeted colleges.
 - (c) The amount of federal, state, and local financial aid, and other forms of assistance, that have been provided to fictitious students. To the extent possible, determine the amount recovered.
3. Determine the impact that removing fictitious students has had on CCC Full-time Equivalent Students calculations and funding allocations and identify the consequences of enrolling fictitious students, such as canceling classes, offering unnecessary course sections, or displacing real students
4. Identify any systemic weaknesses individuals may exploit to enroll fictitious students, including the use of artificial intelligence for such purposes. Identify policy and regulatory recommendations that would reduce the number of fictitious student applications and enrollments and reduce financial aid fraud by individuals using these methods.
5. Evaluate the Chancellor’s Office’s actions related to combating financial aid fraud, including the following:
 - (a) The tools, technologies, and protocols to detect and prevent fraudulent enrollment and aid disbursement, including whether these efforts were effective in reducing fraudulent enrollments.
 - (b) Whether any of those tools, technologies, and protocols have the potential to deny admission for legitimate students and identify the processes in place for those individuals to prove their identities.

(c) Best practices or other guidance that the Chancellor's Office provided to the community colleges and faculty about how they should address students believed to be fictitious.

6. Evaluate the use of any funding the Legislature provided to the CCC for cybersecurity, including efforts to combat enrollment and financial aid fraud. Determine the amount received and spent and the amount specifically spent to address the issue of fictitious students.

7. For a selection of three community colleges—which should include a college with small enrollment, medium enrollment, and one with large enrollment—review the steps each has taken to address fraudulent enrollment and aid disbursement. In doing so, identify the following:

(a) In what ways fraud prevention efforts vary among the selected colleges. (b) Whether any barriers exist that prevent colleges with relatively fewer resources from effectively addressing fraudulent enrollments.

8. Review and assess any other issues that are significant to the audit.

We look forward to working with your staff, the JLAC members, and committee consultants to formulate a state audit that provides the necessary information to determine how fraudulent students are impacting community colleges.

Respectfully,



Assemblymember Blanca E. Rubio, 48th District



Rosilicie Ochoa Bogh , Senator, 19th District



Roger Niello, Senator, 6th District