# Financial aid fraud surges 74% at California community colleges as technology fuels scams



In recent years, financial aid fraud has become a significant concern for California's community colleges, with an alarming uptick in the use of sophisticated scams that exploit the system. Over the past year, criminals have successfully siphoned off approximately $13 million in federal financial aid intended for students—representing a staggering 74% increase compared to the previous year's losses of $7.5 million. This figure marks a fourfold rise from the $3.3 million reported two years ago, underscoring the growing challenge posed by fraudsters as they leverage advancements in technology.

Eleni Gastis, Journalism Department Chair at Laney College, has emerged as a prominent advocate in the fight against financial aid fraud. She is actively working to enhance collaboration across California’s educational institutions to better identify and counteract these fraudulent activities. Speaking about the ongoing crisis, she noted, “I take it on willingly because I lose sleep over the thought that a student might not get a class they need due to bots.”

In a bid to address the issue, California Community Colleges Chancellor Sonya Christian has proposed increased security measures, which include charging students a nominal fee to support anti-fraud initiatives and requiring stricter identity verification for class enrollment. This proposal will be presented to the system's Board of Governors, with Christian’s office indicating that the fee could be in the “tens of dollars.” The aim is to safeguard the integrity of the educational system, which has seen an influx in fraudulent applications from bots posing as legitimate students.

The trend of financial aid fraud has developed in tandem with the pandemic-induced shift to online education, a transition that has made it easier for fraudsters to infiltrate the system. Recent estimates suggest that roughly 34% of college applications are now flagged as suspicious, a marked increase from 20% just two years prior. Faculty across the state are increasingly frustrated as these fraudsters employ advanced technologies, including artificial intelligence, to create realistic profiles of non-existent students.

In response to these alarming statistics, state lawmakers have begun to take action. On April 23, Assembly Member Blanca Rubio called for a comprehensive audit to identify patterns of fraud throughout California's community colleges. Concurrently, nine Republican representatives have urged federal investigations into the growing issue, emphasising that merely adjusting budget proposals without addressing the underlying problems would be irresponsible.

However, while the state has allocated approximately $150 million since 2022 to bolster cybersecurity measures, the effectiveness of these initiatives remains uncertain. The Office of the Inspector General for the U.S. Department of Education has faced significant staffing cuts, losing 20% of its personnel in a recent downsizing, which raises further concerns about the government's capacity to tackle the surge in fraudulent activities.

As college administrators struggle to combat the issue, various strategies have emerged. For instance, at Laney College, Gastis has implemented a requirement for video introductions in her classes, a tactic that can help identify non-human students and discourage fraudulent enrollments. This proactive approach mirrors practices at Calbright College, California’s only entirely online community college, where student participation in live sessions is mandatory.

Despite these efforts, the underlying structure of the community college system presents challenges. Funding models often tie financial support to enrollment figures, inadvertently incentivising colleges to overlook or inadequately address fraudulent student applications. Tina Vasconcellos, head of educational services at the Peralta district, which includes Laney College, acknowledged that institutions currently employ a mix of internal monitoring and collaboration with state and federal agencies to combat the problem but noted that transparency about effective practices is sorely lacking.

While the state’s proposed measures aim to enhance safety and accessibility, sentiments among educators like Gastis suggest that additional fees may not be the most effective solution. “That’s insane,” she remarked regarding the suggestion of student fees for additional security measures. Instead, she argues for a system that prioritises transparency and collaborative efforts to create standardised procedures for identifying fraudulent applications.

In the face of such adversity, the community college system continues to navigate the treacherous waters of financial aid fraud, with educators striving to protect legitimate students while confronting the persistent threat posed by scammers.

## 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[2]](https://calmatters.org/education/higher-education/2025/04/financial-aid-fraud-2/)
* Paragraph 2 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[2]](https://calmatters.org/education/higher-education/2025/04/financial-aid-fraud-2/), [[4]](https://www.publicnewsservice.org/2024-11-25/higher-education/ca-community-colleges-lose-millions-to-financial-aid-fraud/a93690-1)
* Paragraph 3 – [[3]](https://calmatters.org/education/higher-education/2025/04/community-college/), [[6]](https://www.theepochtimes.com/cai/financial-aid-fraud-in-ca-community-colleges-900000-fraud-applications-millions-lost-kim-rich-5662524)
* Paragraph 4 – [[5]](https://localnewsmatters.org/2024/11/17/with-financial-aid-fraud-growing-californias-community-colleges-turn-to-tech-to-fight-back/), [[7]](https://www.sandiegopost.com/2025/04/09/5m-in-federal-aid-stolen-by-fake-students-in-california-thats-just-the-beginning/)
* Paragraph 5 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[2]](https://calmatters.org/education/higher-education/2025/04/financial-aid-fraud-2/), [[6]](https://www.theepochtimes.com/cai/financial-aid-fraud-in-ca-community-colleges-900000-fraud-applications-millions-lost-kim-rich-5662524)
* Paragraph 6 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[4]](https://www.publicnewsservice.org/2024-11-25/higher-education/ca-community-colleges-lose-millions-to-financial-aid-fraud/a93690-1)
* Paragraph 7 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[5]](https://localnewsmatters.org/2024/11/17/with-financial-aid-fraud-growing-californias-community-colleges-turn-to-tech-to-fight-back/)
* Paragraph 8 – [[1]](https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php), [[6]](https://www.theepochtimes.com/cai/financial-aid-fraud-in-ca-community-colleges-900000-fraud-applications-millions-lost-kim-rich-5662524)

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## Bibliography

1. <https://www.sfchronicle.com/bayarea/article/community-college-financial-aid-fraud-20325192.php> - Please view link - unable to able to access data
2. <https://calmatters.org/education/higher-education/2025/04/financial-aid-fraud-2/> - Scammers have stolen over $10 million in federal financial aid from California’s community colleges in the past year, more than doubling the previous year's losses. The California Community Colleges Chancellor’s Office reported that about 34% of college applicants are likely fake, up from 20% in 2021. Faculty members are increasingly frustrated as fraudsters use artificial intelligence to infiltrate classes, posing as students. The state has allocated approximately $150 million since 2022 to improve cybersecurity and partnered with tech companies to help authenticate students. However, fraudsters continue to adapt, making it challenging to eliminate the issue entirely.
3. <https://calmatters.org/education/higher-education/2025/04/community-college/> - Following reports of significant financial aid fraud in California's community colleges, nine Republican U.S. representatives have called for investigations by the U.S. Department of Education and Attorney General Pam Bondi. State Assemblymember Blanca Rubio has also requested a state audit to identify fraud patterns across California. While college leaders acknowledge the problem, they question whether investigations will lead to better solutions. California has allocated over $150 million since 2022 to improve cybersecurity at its community colleges, but challenges remain in combating fraud effectively.
4. <https://www.publicnewsservice.org/2024-11-25/higher-education/ca-community-colleges-lose-millions-to-financial-aid-fraud/a93690-1> - California community colleges are facing a surge in financial aid fraud, with approximately 25% of applications flagged as suspected fraud, up from 20% two years ago. The shift to online learning during the COVID-19 pandemic has made it easier for fraudsters to exploit the system. The Los Angeles Community College District reports that fraudulent enrollments prevent legitimate students from completing their educational goals on time. The California Community Colleges Chancellor's Office is dedicated to combating fraud while remaining accessible to all potential students.
5. <https://localnewsmatters.org/2024/11/17/with-financial-aid-fraud-growing-californias-community-colleges-turn-to-tech-to-fight-back/> - California's community colleges have been plagued by scammers posing as students to steal financial aid, with losses exceeding $7.5 million in 2024. The shift to remote instruction during the COVID-19 pandemic created fertile ground for fraudsters. Colleges are increasing efforts to detect and deter fraud through both human interaction and automated detection. Despite these efforts, the increasing losses show that the college system remains vulnerable to sophisticated crime rings, some overseas.
6. <https://www.theepochtimes.com/cai/financial-aid-fraud-in-ca-community-colleges-900000-fraud-applications-millions-lost-kim-rich-5662524> - Financial aid fraud in California's community colleges has reached alarming proportions, with estimates suggesting around 900,000 fraudulent applications. The shift to online education during the COVID-19 pandemic provided fertile ground for fraudsters to exploit the financial aid system. The centralized application system, CCC Apply, has inadvertently become a conduit for fraud. Colleges have little incentive to root out fraudulent students, as funding is tied to enrollment numbers, creating a perverse incentive structure where institutions may turn a blind eye to fake enrollments.
7. <https://www.sandiegopost.com/2025/04/09/5m-in-federal-aid-stolen-by-fake-students-in-california-thats-just-the-beginning/> - California's community colleges are grappling with a rise in financial aid fraud, with approximately 34% of applicants now suspected to be fake, up from 20% in 2021. Between September 2021 and December 2023, fake students stole over $5 million in federal aid and $1.5 million in state funds. College officials fear the situation could worsen following staffing cuts at the U.S. Department of Education, including a 20% reduction in the Office of Inspector General since October 2024. Colleges have invested $150 million in cybersecurity since 2022, but scammers continue to find workarounds.