



UNITED STATES GOVERNMENT  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF INSPECTOR GENERAL

# MEMORANDUM

November 22, 2021

## **Advisory Regarding Fraudulent EBB Enrollments Based On USDA National School Lunch Program Community Eligibility Provision**

### **Introduction**

FCC-OIG's statutory mandate is to protect the integrity of the Federal Communications Commission's programs and operations by combating fraud, waste and abuse. OIG provides objective, independent investigations, audits and reviews of FCC programs, including COVID-19 relief programs like the Emergency Broadband Benefit (EBB) program. Congress appropriated \$3.2 billion for the EBB program in the 2021 Consolidated Appropriations Act. The recently enacted Infrastructure Investment and Jobs Act modifies and extends the EBB program into a longer-term program, the Affordable Connectivity Program (ACP). Congress allocated \$14.2 billion to the ACP.

OIG issues this advisory letter to alert providers, consumers and the public to improper and abusive EBB program enrollments made in connection with the USDA National School Lunch Program's Community Eligibility Provision (CEP). Specifically, EBB providers' sales agents are enrolling households by falsely claiming a dependent child attends a CEP school during the eligibility verification process.

### **Fraudulent CEP-Based EBB Enrollments**

The Consolidated Appropriations Act permits households with members who qualify for free and reduced-price school lunch or the school breakfast program to enroll in the EBB program. The CEP allows high-poverty schools and school districts (CEP schools) to provide breakfast and lunch at no charge to all students, regardless of income status. The Food Research & Action Center (FRAC) maintains a nationwide list of CEP schools. Under current FCC program rules, if a dependent child of a household attends a CEP school on FRAC's list, the household qualifies for EBB support.

The National Verifier, the centralized application system used to verify household eligibility for EBB support, also contains FRAC's list of CEP schools. During the EBB enrollment process, a customer who seeks to qualify for EBB support based on CEP

participation must select the CEP school the dependent child attends from the dropdown list of CEP schools in the National Verifier system. That information is stored as part of the household's enrollment record. OIG's analysis of EBB enrollment records and other evidence reveals CEP participation is commonly abused by providers and their sales agents as an entry point for fraud in the program.

Most tellingly, EBB enrollment data clearly show a number of CEP schools are grossly overrepresented in EBB household enrollments when compared to the actual student enrollment at those schools. In short, there are many more EBB-enrolled households that claimed they have a dependent child at certain CEP schools than students who are actually enrolled in those schools.

#### Florida Cluster Example

Among the most egregious examples, one school, Florida CEP School 1,<sup>1</sup> was designated as the school supporting the enrollment of 1884 households in the EBB program. However, our research indicates that no more than 200 students attend Florida CEP School 1. Another nearby school, Florida CEP School 2, with an enrollment of 152 students was designated as the CEP school attended by a dependent of 1048 households currently enrolled in the EBB program.

Enrollment data also show thousands of attempts to enroll additional households using these two schools were blocked by other program safeguards. Nevertheless, new EBB enrollments based on these two schools continue on a near-daily basis. The chart below shows EBB enrollment information related to a cluster of schools located near Florida CEP Schools 1 & 2.

<b>School</b>	<b>Number of Students</b>	<b>Households Enrolled in EBB Based on School</b>
Florida CEP School 1	200	1884
Florida CEP School 2	152	1048
Florida CEP School 3	56	93
Florida CEP School 4	79	145

Evidence shows this is not consumer-driven fraud—enrollment data directly links certain providers and their sales agents to these enrollments. The same sales agents who overenrolled Florida CEP School 1 are also responsible for overenrolling Florida CEP Schools 2, 3 and 4. Sales agents who work for just a handful of EBB providers are responsible for the majority of this fraudulent enrollment activity.

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<sup>1</sup> We are not identifying specific schools to preserve the integrity of ongoing investigations.

## National Trends

While the Florida schools discussed above are among the most egregious examples, our analysis indicates dozens of CEP schools across the nation are overenrolled only six months into the EBB program. Several noteworthy examples are summarized in the chart below. Many other schools have suspiciously high rates of EBB enrollment without being overenrolled.

<b>School</b>	<b>Number of Students</b>	<b>Households Enrolled in EBB Based on School</b>
Alaska CEP School	10	68
Arizona CEP School 1	90	952
Arizona CEP School 2	186	380
California CEP School 1	294	813
California CEP School 2	339	481
Colorado CEP School	84	148
Florida CEP School 5	27	457
New York CEP School 1	187	454
New York CEP School 2	320	730

Other trends we observed among abusive CEP-related EBB enrollments include:

- Failure to identify the dependent child who attends the CEP school as requested during enrollment by the National Verifier;
- The repetitive use of provider retail addresses as the purported home address for dozens of households. A provider retail store should never serve as the home address for any EBB household, let alone nearly 50; and
- More than 2000 EBB households live more than 50 miles from their designated CEP school. This is indicia of fraud—typically students do not live more than fifty miles from their school. Even more troubling, approximately 1700 of those households live more than 100 miles away from their CEP school. As discussed in the chart above, one Alaska school has been used to enroll 68 households in the EBB program despite having only 10 students. All but one of the EBB enrollments has a home address outside of Alaska; more than 60 are located in New York.

Once again, EBB enrollment data shows that providers and providers' sales agents are driving these clearly improper enrollments. Each improper enrollment represents a recurring, monthly program loss—such losses quickly mount.

### **Provider Responsibility & Liability**

As EBB providers incentivize sales agents to maximize enrollments by providing commission-based compensation, many of the abuses that once plagued the FCC's Lifeline program have reappeared in the EBB program. As reiterated in the Wireline

Competition Bureau and Office of Managing Director's August 20, 2021 Public Notice, EBB providers are required to implement policies and procedures for ensuring that their EBB Program households are eligible to receive the Emergency Broadband Benefit.

The National Verifier and NLAD systems will not work properly if providers and their agents do not furnish authentic, bona fide customer information. Moreover, providers are liable for program rule violations, and the Commission has a clear history of finding “their liability extends to violations on the part of their agents, contractors, or representatives.”<sup>2</sup>

If providers discover enrollment problems, OIG reminds them of their obligation to take appropriate remedial measures. Providers who defraud FCC programs by violating program enrollment rules and claim support for those households will be held accountable and may be subject to civil or criminal sanctions.

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Fraud, waste, and abuse remains a serious problem for Commission programs. OIG is committed to our mandate and will continue to use a full range of tools to expose and combat fraud, waste and abuse in FCC programs. OIG encourages anyone with information regarding fraud, waste or abuse in any FCC program, to report such allegations via the OIG hotline.

**FCC OIG Hotline**

Report Waste, Fraud & Abuse

Telephone: (202) 418-0473

Toll Free: (888) 863-2244

FAX: (202) 418-2811

E-Mail: [hotline@fcc.gov](mailto:hotline@fcc.gov)

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<sup>2</sup> See FCC Enforcement Advisory, Lifeline Providers Remain Liable For Ensuring The Eligibility Of Their Subscribers To Receive Lifeline Service, No. 2019-07, December 9, 2019.