



Secure and Trusted Communications Networks Reimbursement Program: Frequently Asked Questions

Updated July 19, 2022

What Is the Secure and Trusted Communications Networks Reimbursement Program?

On March 12, 2020, the Secure and Trusted Communications Networks Act of 2019 ([P.L. 116-124](#)) (Secure Networks Act) became law. The act addresses [congressional concerns](#) with telecommunications equipment that may pose a national security threat to the United States. Section 2 requires the Federal Communications Commission (FCC) to create a list of “covered” telecommunications equipment posing such a threat. Section 4 requires the FCC to create the [Secure and Trusted Communications Networks Reimbursement Program](#) (Reimbursement Program) for providers to replace covered equipment.

How Much Funding Is Available?

On December 27, 2020, the Consolidated Appropriations Act (CAA), 2021 ([P.L. 116-260](#)) became law. Section 906 provides the FCC with \$1.9 billion for the Secure Networks Act, \$1.895 billion of which is for the Reimbursement Program.

Who Is Eligible for Reimbursement Funding?

Under the [Secure Networks Act](#), eligible entities include providers of “[advanced communications services](#),” (i.e., high-speed broadband). The act reimburses small providers—those with 2 million or fewer customers that replace covered equipment.

In Section 901 of the [CAA, 2021](#), Congress broadened the definition of eligible entities to include providers with fewer than 10 million customers, “accredited public or private noncommercial educational

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institutions that provide [facilities-based educational broadband services](#)” and health care providers and libraries that provide advanced communication services. Congress prioritized reimbursements

- first, to small providers;
- next, to educational, health care, and library applicants; and
- last, to any remaining eligible applicants.

What Are “Covered” Equipment and Services?

“Covered” telecommunications equipment and services are those that pose a national security threat to the United States. Congress defined them in the FY2019 John S. McCain National Defense Authorization Act (P.L. 115-232, §889) as telecommunications and other equipment produced by Huawei Technologies Company, ZTE Corporation, and three other Chinese firms.

In its [2019 Supply Chain Order](#), the FCC prohibited providers from using [Universal Service Fund](#) subsidies to purchase equipment or services produced by a covered company. It initially named Huawei and ZTE as covered companies, and pledged to establish a process for formally designating covered companies.

In March 2020, the [Secure Networks Act](#) required the FCC to publish, within one year, a list of covered equipment and services. On June 30, 2020, the FCC issued Designation Orders for [Huawei](#) and [ZTE](#). On December 27, 2020, Section 901 of the [CAA, 2021](#) amended the [Secure Networks Act](#), limiting use of reimbursement funds for equipment identified in the FCC’s [2019 Supply Chain Order](#) and [Designation Orders](#) (i.e., Huawei and ZTE).

In March 2021, the FCC released a [list](#) of covered equipment and services including products of Huawei, ZTE, and three Chinese firms; however, the Reimbursement Program, following [CAA, 2021](#), covers only Huawei and ZTE equipment.

When Can Entities Apply?

The [application period](#) opened on October 29, 2021, and was to close on January 14, 2022. On December 21, 2021, the Rural Wireless Association and NTCA—The Rural Broadband Association—filed a [Motion for Extension of Time](#), seeking a one-month extension. Their members, small rural providers, cited challenges in completing forms, including workforce challenges due to the holidays and Coronavirus Disease 2019 (COVID-19). The FCC [granted](#) a 14-day extension through January 28, 2022.

When Is Funding Announced?

The FCC was required to act on applications within 90 days; it extended the review deadline by 45 days, as permitted. On July 15, 2022, the FCC Chairwoman, in [letters](#) to congressional leaders, said the FCC completed its reviews, and on July 18, 2022, [announced](#) awards.

What If Requests Exceed Appropriated Amounts?

The FCC is [required](#) to notify Congress if appropriations are not sufficient to fund approved applications. On February 4, 2022, the FCC [notified Congress](#) it received over 180 applications totaling \$5.6 billion—nearly three times the \$1.895 billion appropriated. On June 1, 2022, the FCC [notified Congress](#) that demand for funding could exceed amounts appropriated, due to expanded eligibility, expanded eligible expenses, and increased costs due to supply chain constraints, inflation, and the one-year implementation

deadline. On July 15, 2022, in a [letter](#) to congressional leaders, the FCC Chairwoman reported the Program would need \$4.70 billion to fund providers that serve fewer than 2 million customers—a shortfall of \$2.80 billion. To fund all eligible applicants, it would need \$4.98 billion—a shortfall of \$3.08 billion. Given the shortfall, the FCC plans to distribute the \$1.9 billion equally among approved applicants with less than 2 million customers. According to the FCC Chairwoman, “the pro-rata factor for those allocations will be approximately 39.5% of demand.”

On July 13, 2022, the House Energy and Commerce Committee agreed to legislation (H.R. 7624, the Spectrum Innovation Act of 2022) that would provide an additional \$3.4 billion to the Reimbursement Program using expected proceeds from spectrum auctions, and ordered the bill to be reported.

How Do Recipients Apply for Reimbursement?

Entities must file at least one reimbursement within one year of the allocation announcement ([July 18, 2022](#)); otherwise, the FCC can reclaim funds. Entities have one year from the announcement to complete the replacement and 120 days after that to file final reimbursements.

What Are the Reporting Requirements?

By [law](#), recipients must file updates every 90 days, spending reports twice a year, and an annual report to the FCC. Entities must certify they have a plan and timeline for removal; will remove and not purchase “covered” equipment; and consult the [National Institute of Standards and Technology Cybersecurity Framework](#). The FCC [must](#) report to Congress every 180 days.

What Factors May Affect Implementation?

Entities have [expressed concern](#) about the one-year timeline; shortages of computer chips; leasing agreements they may need to modify; coordination with tower owners; finding workers; and weather. By [law](#), the FCC can grant a general extension for all entities or an individual extension for delays caused by circumstances beyond the applicant’s control (e.g., weather).

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