



Secure and Trusted Communications Networks Reimbursement Program: Frequently Asked Questions

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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) was signed into law. The act addresses [congressional concerns](#) about using Chinese equipment in U.S. telecommunications networks, including equipment supplied by Huawei Technologies Co., Ltd. and ZTE Corporation. Specifically, Section 4 of the act directs the Federal Communications Commission (FCC) to create the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program) to reimburse eligible telecommunication providers who choose to replace “covered” equipment in their network—equipment that poses a national security threat, as determined by the FCC and other agencies.

How Much Funding Is Available?

On December 27, 2020, the Consolidated Appropriations Act (CAA), 2021 ([P.L. 116-260](#)) was signed into law. In Section 906, Congress appropriated \$1.9 billion to the FCC to implement the Secure Networks Act, and directed the use of \$1.895 billion of such funds for the Reimbursement Program.

Who Is Eligible for Reimbursement Funding?

Under the Secure Networks Act, eligible entities include providers of “advanced communications services,” defined in [47 U.S.C. 1302\(d\)\(1\)](#). Essentially, eligible entities include providers of wireless and high-speed broadband services. The act aims to reimburse small providers—those with two million or fewer customers—that choose to replace “covered” equipment in their networks.

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In September 2020, the FCC collected [data](#) on the use of Huawei and ZTE equipment in U.S. networks, due to national security concerns about the equipment, as documented in its [2019 Supply Chain Order](#). Over 50 providers reported that they use Huawei or ZTE equipment in their networks, including some [entities](#) that have more than two million customers and some [educational institutions](#). The FCC [reported](#) it could cost \$1.837 billion to remove and replace Huawei and ZTE equipment for all filers, or \$1.618 billion to replace the equipment for those eligible under the Secure Networks Act.

In December 2020, in Section 901 of the CAA 2021, Congress amended the Secure Networks Act, expanding the list of eligible providers from those serving two million to those with ten million customers. Further, Congress allowed “accredited public or private non-commercial educational institutions that provide their own [facilities-based](#) educational broadband services” to apply for funding to replace “covered” equipment. Congress also set priorities for the allocation of funds:

- First, to providers with two million or fewer customers;
- Next, to applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband service; and
- Last, to any remaining eligible applicants.

What Are “Covered” Equipment and Services?

Section 2 of the Secure Networks Act requires the FCC to identify and publish, within one year of enactment, a list of “covered” equipment and services that pose a threat to the national security of the United States or the security and safety of U.S. persons. Congress directs the FCC to include on the list equipment identified by other federal agencies, monitor the equipment designations made by other agencies, and to update the list periodically. In March 2021, the FCC released its first “covered” [list](#), which included products manufactured by Huawei, ZTE, and three other Chinese companies.

When Will Funding Be Available?

The FCC has not announced a date when providers can apply for reimbursement funds, but is progressing on program rules and guidance.

What Progress Has the FCC Made on Establishing the Program?

The FCC adopted [rules](#) for the Program on December 11, 2020, and is in the process of updating the rules to incorporate amendments included in the CAA 2021 (Section 901). Specifically,

- In February 2021, the FCC adopted a [Third Further Notice of Proposed Rulemaking](#) and sought comment on how to incorporate the amendments into its December 11, 2020, Program [rules](#). Per the [Federal Register](#), comments were due April 12, 2021, and reply comments were due on April 26, 2021. The FCC is reviewing comments.
 - On March 12, 2021, the FCC released the initial [list](#) of “covered” equipment, required under Section 2 of the Secure Networks Act.
 - On March 25, 2021, the FCC released a [Public Notice](#) that included several documents: the Supply Chain Reimbursement Program Study, which details the steps necessary for removal and replacement of “covered” equipment; a preliminary Catalog of Eligible Expenses and Estimated
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- Costs to help providers prepare required estimates; and a preliminary List of Categories of Suggested Replacement Equipment and Services. Comments were due March 25, 2021. The FCC is reviewing comments.
- On April 26, 2021, the FCC published a [Notice and Request for Comments](#) related to data collection under the Secure Networks Act. The act requires all providers to annually report on whether they have purchased, rented, leased or obtained “covered” equipment or services. The FCC is seeking comments on its proposed data collection. Comments are due June 25, 2021. The FCC must also obtain approval on this data collection from the Office of Management and Budget (OMB), as required under the [Paperwork Reduction Act](#) (PRA).
- On April 28, 2021, the FCC [selected](#) Ernst & Young LLP as the Fund Administrator for the Reimbursement Program.

What Factors May Affect the Program’s Timeline?

The FCC is working on guidance to assist providers with estimates and timelines, upgrades to information technology systems to manage applications and reimbursements, and PRA approvals, which may affect the Program’s opening date. Further, in the [Program Study](#), providers expressed concern about the current shortage of computer chips and how that could affect the timeline for replacing equipment. Most providers have leasing or access agreements that they may need to modify, which could add time. Engaging tower crews, coordinating with tower owners, and weather could also affect implementation timelines.

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