



# 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) 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) to fund replacement of covered equipment.

## How Much Funding Is Available?

The Consolidated Appropriations Act (CAA), 2021 ([P.L. 116-260](#), Title IX, §906), enacted December 27, 2020, provided \$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](#), entities eligible to receive reimbursement funds include small telecommunication providers—those with 2 million or fewer customers—that offer “[advanced communications services](#)” (i.e., high-speed broadband).

In the [CAA, 2021](#) (Title IX, §901), Congress extended eligibility to include providers with fewer than 10 million customers, and schools, libraries, and health care providers, or consortium thereof, that provide facilities-based broadband services to end-users. Congress prioritized reimbursements

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- 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, as defined in P.L. 115-232. Section 889 defines “covered equipment” as telecommunications 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*. On June 30, 2020, the FCC issued Designation Orders for [Huawei](#) and [ZTE](#), designating them as 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 December 27, 2020, the [CAA, 2021](#) (§901) amended the [Secure Networks Act](#), limiting use of reimbursement funds for equipment identified in the [2019 Order](#) and Designation Orders, meaning Huawei and ZTE equipment.

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

## When Could Entities Apply?

The [application period](#) opened on October 29, 2021, and was to close on January 14, 2022. On December 21, 2021, industry associations filed a [Motion for Extension of Time](#), seeking a one-month extension. The group cited challenges in completing forms and workforce challenges due to the holidays and Coronavirus Disease 2019 (COVID-19). The FCC [granted](#) an extension through January 28, 2022.

## When Was Application Approval Announced?

The FCC was required to act on applications within 90 days; it extended the review deadline by 45 days, as permitted. On July 18, 2022, the FCC [announced](#) 126 approved applications from 85 entities.

## 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 181 applications totaling \$5.6 billion. On June 1, 2022, the FCC [notified Congress](#) that demand for funding exceeded the \$1.895 appropriated. In a July 15, 2022, [letter](#) to congressional leaders, the FCC Chairwoman reported that the FCC-approved applications from small providers would require \$4.70 billion (a \$2.80 billion shortfall) and that \$4.98 billion would be needed for all eligible applications (a \$3.08 billion shortfall). The FCC announced it would distribute the appropriated \$1.895 billion equally among small providers, [awarding](#) 39.5% of their approved costs.

In the 117<sup>th</sup> Congress, the House passed H.R. 7624 that would have provided an additional \$3.08 billion to the Reimbursement Program using revenues from spectrum auctions. The measure was not enacted. S.Amdt. 6585, a floor amendment submitted in the Senate to H.R. 2617, would have provided \$3.08

billion from spectrum auctions to the Reimbursement Program, but the amendment was not considered on the Senate floor. In the 118<sup>th</sup> Congress, H.R. 3565, introduced on May 22, 2023, would allow the FCC to borrow up to \$3.08 billion from the Treasury for the Reimbursement Program, with repayment from spectrum auction revenues. S. 1245, introduced April 20, 2023, would transfer unobligated balances from COVID-19 relief bills to fund the Reimbursement Program.

## How Do Recipients Apply for Reimbursement?

The FCC can reclaim funds if an approved applicant did not file at least one reimbursement within one year of the announcement ([July 17, 2023](#)). As of June 30, 2023, the FCC [reported](#) it received claims from 86 of 126 approved applications, and allocated \$190,353,334 in initial reimbursements. Deadlines to complete equipment removal range from September 29, 2023, to June 30, 2024, based on initial distribution dates.

## 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 will consult the [National Institute of Standards and Technology Cybersecurity Framework](#). The FCC is required to [report](#) to Congress every 180 days.

## What Factors May Affect Implementation?

Entities initially [expressed concern](#) about the one-year timeline; computer chip shortages; leasing agreements they may need to modify; coordination with tower owners; worker shortages; and weather. In 2023, industry associations report the main challenge is funding, and [warned](#) that networks could “go dark” if full funding is not provided. 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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