



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Maria Cantwell
Chairwoman
Committee on Commerce, Science, and Transportation
United States Senate
512 Dirksen Senate Office Building
Washington, DC 20510

Dear Madam Chair:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

¹ 47 U.S.C. § 1603(d)(5)(B).

² Letter from Jessica Rosenworcel, Chairwoman, Federal Communications Commission, to The Honorable Frank Pallone, Jr., The Honorable Cathy McMorris Rodgers, The Honorable Rosa DeLauro, The Honorable Kay Granger, The Honorable Maria Cantwell, The Honorable Roger Wicker, The Honorable Patrick Leahy, The Honorable Richard Shelby (Feb. 4, 2022).

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within a matter of weeks once cured applications are filed with us, and we will update you on our progress and expected completion date no later than June 15.

Once the Commission has completed its application review process, it will continue to promptly administer the Program as required by the Act. The Commission will proceed with issuing a funding allocation for each approved application. Should total allocation demand exceed the funding available, the Commission's funding allocations will be adjusted in accordance with the prioritization scheme set forth in the law.⁴

After eligible providers receive their funding allocations, they can begin submitting invoices for actual costs incurred and will receive reimbursement payments for approved submissions. Eligible providers must submit at least one reimbursement claim within one year of the approval of their applications or their funding allocations will expire.⁵ Pursuant to our rules, providers may file requests beyond their allocated funds even though there may not be funding to pay such invoices, however, such requests will remain in pending status if there is insufficient funding to grant the requests in full.⁶

The Commission received 181 applications from 96 applicants containing \$5.6 billion in gross demand for funding during the filing window. As a result of the review to date, gross cost estimate demand for the Program has been reduced from \$5.6 billion to \$5.3 billion. While we anticipate there will be further reduction, the funds appropriated will remain less than the demand from applicants. This anticipated shortfall largely reflects three developments: first, that the Act, as amended, expanded the range of entities eligible to participate in the Reimbursement Program; second, that the preliminary cost estimates did not consider the full range of costs that were ultimately reimbursable under the law; and third, that providers have reported increased costs since the program was funded due to supply chain constraints, inflation, and the need to complete their projects within the Act's one-year deadline.

We hope this information is helpful to you, and we will continue to keep the Committees apprised of our progress and the status of Program demand as we complete the statutory application review process. We look forward to working with you to achieve the goals of the Program and on the important task of securing our nation's communications networks.

Sincerely,



Jessica Rosenworcel

⁴ See Consolidated Appropriations Act, 2021 § 901(1)(C)(ii); 47 CFR § 1.50004(f).

⁵ *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Second Report and Order, FCC 20-176, 35 FCC Rcd 14284, 14353 at para. 165 (2020).

⁶ *Wireline Competition Bureau Finalizes Application Filings, Procedures, Cost Catalog, and Replacement List for the Secure and Trusted Communications Networks Reimbursement Program*, WC Docket No. 18-89, Public Notice, DA 21-947, at para. 48 (WCB Aug. 3, 2021).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Roger Wicker
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate
425 Hart Senate Office Building
Washington, DC 20510

Dear Ranking Member Wicker:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, DC 20515

Dear Ranking Member McMorris Rodgers:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Rosa DeLauro
Chairwoman
Committee on Appropriations
U.S. House of Representatives
H-305 Capitol Building
Washington, DC 20515

Dear Chairwoman DeLauro:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
U.S. House of Representatives
1016 Longworth House Office Building
Washington, DC 20515

Dear Ranking Member Granger:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Patrick J. Leahy
Chairman
Committee on Appropriations
United States Senate
S-128 Capitol Building
Washington, DC 20510

Dear Chairman Leahy:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Richard C. Shelby
Ranking Member
Committee on Appropriations
United States Senate
S-146A Capitol Building
Washington, DC 20510

Dear Ranking Member Shelby:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

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The Commission received 181 applications from 96 applicants containing \$5.6 billion in gross demand for funding during the filing window. As a result of the review to date, gross cost estimate demand for the Program has been reduced from \$5.6 billion to \$5.3 billion. While we anticipate there will be further reduction, the funds appropriated will remain less than the demand from applicants. This anticipated shortfall largely reflects three developments: first, that the Act, as amended, expanded the range of entities eligible to participate in the Reimbursement Program; second, that the preliminary cost estimates did not consider the full range of costs that were ultimately reimbursable under the law; and third, that providers have reported increased costs since the program was funded due to supply chain constraints, inflation, and the need to complete their projects within the Act's one-year deadline.

We hope this information is helpful to you, and we will continue to keep the Committees apprised of our progress and the status of Program demand as we complete the statutory application review process. We look forward to working with you to achieve the goals of the Program and on the important task of securing our nation's communications networks.

Sincerely,



Jessica Rosenworcel

⁴ See Consolidated Appropriations Act, 2021 § 901(1)(C)(ii); 47 CFR § 1.50004(f).

⁵ *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Second Report and Order, FCC 20-176, 35 FCC Rcd 14284, 14353 at para. 165 (2020).

⁶ *Wireline Competition Bureau Finalizes Application Filings, Procedures, Cost Catalog, and Replacement List for the Secure and Trusted Communications Networks Reimbursement Program*, WC Docket No. 18-89, Public Notice, DA 21-947, at para. 48 (WCB Aug. 3, 2021).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

June 1, 2022

The Honorable Frank Pallone
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Pallone:

In the Secure and Trusted Communications Networks Act (the “Act”), Congress provided the Federal Communications Commission with the authority to establish a program to help advance our national security by supporting the removal, replacement, and disposal of insecure equipment in communications networks nationwide. As a result, the Commission established a Reimbursement Program to assist network operators needing assistance to update their systems and remove vulnerable equipment. This effort has been a priority for the agency, and this letter provides an update on the status of the program.

As you know, Section 4(d)(5)(B) of the Act requires the Commission to notify Congress if, at any time during the implementation of the Reimbursement Program, the Commission determines that \$1,000,000,000 will not be sufficient to fully fund all approved applications.¹ The Commission submitted such notification on February 4, 2022, based on a preliminary analysis by the Program Fund Administrator that found that the gross cost estimate demand for Reimbursement Program support was approximately \$5.6 billion.² In doing so, the Commission noted that it expected to complete the application review process by the deadline in the Act—June 15, 2022—and would have a more complete understanding of the true demand for the program at that time.

The Commission’s application review process is well underway. Our review to date has concluded that many of the applications the agency has received are materially deficient. This is typically because they lack an adequate cost estimate or sufficient supporting materials. The Act requires the Commission to provide applicants an opportunity to cure these deficiencies and expressly provides for the extension of the June 15, 2022, application review deadline to allow for a cure period.³ Given the number of deficient applications, we will not be able to issue funding allocations or determine true demand until the end of the statutory cure period. We expect to complete our review

¹ 47 U.S.C. § 1603(d)(5)(B).

² Letter from Jessica Rosenworcel, Chairwoman, Federal Communications Commission, to The Honorable Frank Pallone, Jr., The Honorable Cathy McMorris Rodgers, The Honorable Rosa DeLauro, The Honorable Kay Granger, The Honorable Maria Cantwell, The Honorable Roger Wicker, The Honorable Patrick Leahy, The Honorable Richard Shelby (Feb. 4, 2022).

³ 47 U.S.C. § 1603(d)(3)(B).

within a matter of weeks once cured applications are filed with us, and we will update you on our progress and expected completion date no later than June 15.

Once the Commission has completed its application review process, it will continue to promptly administer the Program as required by the Act. The Commission will proceed with issuing a funding allocation for each approved application. Should total allocation demand exceed the funding available, the Commission's funding allocations will be adjusted in accordance with the prioritization scheme set forth in the law.⁴

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