



Federal
Communications
Commission

Supply Chain Reimbursement Program

Webinar for Broadband Providers

September 27, 2021



Agenda

Importance of the Reimbursement Program

About the Reimbursement Program

Program eligibility

What is reimbursable

Program timeline

How to apply

Funding Allocation

Reimbursement Process

Reporting Requirements for Recipients

Frequently Asked Questions

Q&A

Importance of the Reimbursement Program

“The FCC will soon undertake what is perhaps the **most significant federally funded effort** to rebuild and secure commercial communications networks nationwide...removing insecure equipment.

This Program provides an opportunity to **jump-start US innovation** in this critical technology. We thank carriers for their participation and will work alongside them throughout the duration of this Program.”



About the
Reimbursement
Program

About the Reimbursement Program

Overview

- The Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act) directs the Federal Communications Commission (FCC) to establish the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program)
- The Reimbursement Program aims to secure the nation's communications supply chain and protect national security by reimbursing eligible Providers for the removal, replacement, and disposal of communications equipment and services that pose a threat to the security of our nation's communications networks
- In the Consolidated Appropriations Act, 2021 (CAA), Congress appropriated approximately \$1.9 billion in funding for the Reimbursement Program

About the Reimbursement Program

Program eligibility

- To be eligible to participate in the Reimbursement Program, you must be an advanced communications service Provider with ten million or fewer customers that obtained Huawei and/or ZTE equipment and services on or before June 30, 2020.
- “Advanced communications service” means high-speed switched, broadband telecommunications capability that enables users to originate and receive high-quality voice, data, graphics, and video telecommunications using any technology with connection speeds of at least 200 kbps in either direction
- In addition to Eligible Telecommunications Carriers (ETCs), Providers of advanced communications service could include schools, libraries or health care providers, or consortiums thereof, to the extent they provide such facilities-based broadband service to end users
- “Customers” means those customers of the Provider and customers of any affiliate that receive advanced communications services as of the date the application is filed
- Eligibility will be validated using FCC Form 477 filing information

About the Reimbursement Program

What is reimbursable

- Covered communications equipment or services are limited to communications equipment or services produced or provided by Huawei Technologies Company (Huawei) or ZTE Corporation (ZTE) that were obtained by Providers on or before June 30, 2020
- Reimbursement Program Participants can be reimbursed for costs reasonably incurred for the removal, replacement, and disposal (RRD) of Huawei or ZTE equipment or services that were obtained by providers on or before June 30, 2020
- RRD costs incurred prior to April 17, 2018 will not be reimbursable
- Refer to the [Cost Catalog](#) for a list of Program-eligible Huawei and ZTE equipment and services. The Cost Catalog contains categories of costs expected to be incurred in the RRD process and includes a detailed list of the core and non-core equipment and services eligible for reimbursement (and their associated predetermined estimated costs)

About the Reimbursement Program

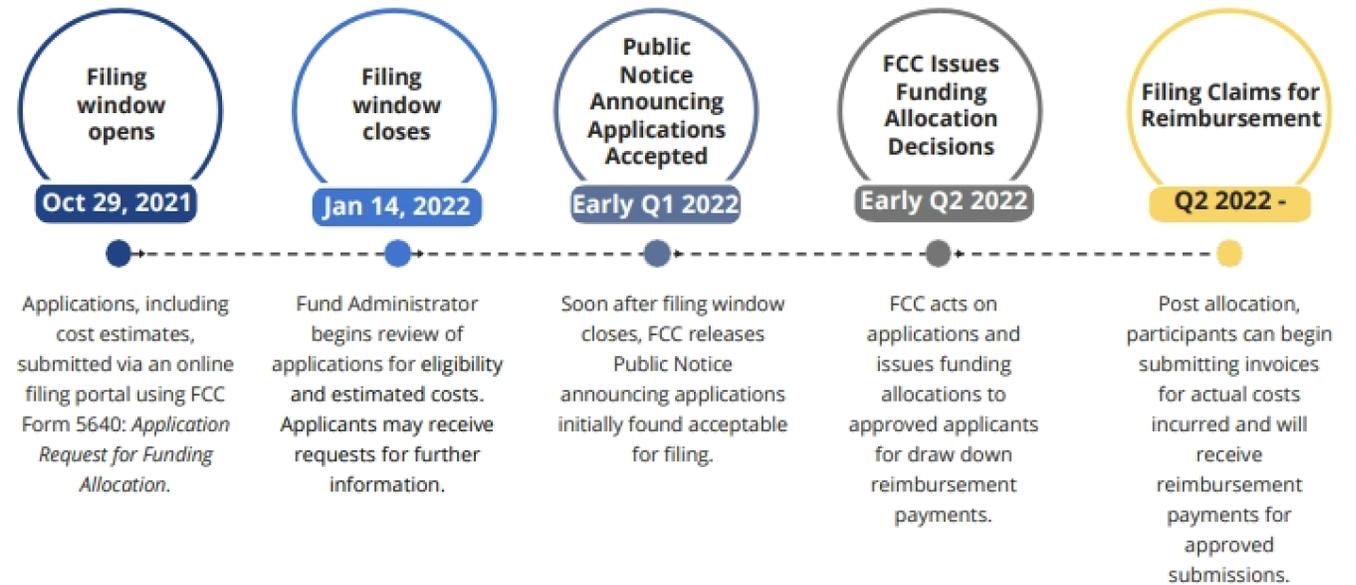
What is reimbursable (continued)

- The cost of replacement facilities is 'reasonable' if the replacement facilities are comparable to those in use by the Provider prior to the RRD of covered communications equipment or service
- Consideration of 'costs reasonably incurred' may be decided on a case-by-case basis based on the information provided in the application process
- A certain degree of upgrade may be entirely reasonable, and eligible for reimbursement, depending on the comparable replacements available in the marketplace
 - For example, replacing older mobile wireless networks with a 4G LTE equipment or service that is 5G ready will be treated as a comparable replacement. For additional information on comparable replacements and the treatment of technology upgrades, see [Third Report & Order](#), FCC 21-86, paras. 86-92.

About the Reimbursement Program

Program timeline

- The filing window will open on October 29, 2021 and will close on January 14, 2022





How to apply

How to apply

Preparing for the filing window

Prior to the filing window opening, applicants should:

- Visit the [Reimbursement Program website](#) to obtain more information about the Program and eligibility requirements
- Consult the [2021 Supply Chain Order](#), the [Reimbursement Program Policies and Procedures Public Notice](#), and the [Cost Catalog](#)
- Compile any vendor quotes, invoices, and other documentation
- Confirm they are registered in [SAM.gov](#)

When the filing window opens, eligible Providers can:

- Access FCC Form 5640 (*Application Request for Funding Allocation*) accessed via an online portal established by the FCC at fcc.gov/supplychain, to submit their applications

How to apply

Application Process Overview

- Process
 - The FCC will release a Public Notice announcing the opening date for the filing window
 - Applicants will file an Application Request for Funding Allocation with an estimate of expenses and support for those estimates.
 - Can use the Catalog of Eligible Expenses
 - **Catalog available at [fcc.gov/supplychain](https://www.fcc.gov/supplychain)**
 - In application applicants must, as of the date of the submission of the application, certify that the provider has developed:
 - a plan for the permanent removal and replacement of any covered communications equipment or service that is in the communications network of the provider as of such date; and the disposal of the equipment or services removed; and
 - a specific timeline for the permanent removal, replacement, and disposal of the covered communications equipment or service, which is included as part of the application

How to apply

Application Process Overview

- What is required in the application:
 - An estimate of “costs reasonably incurred” for the permanent removal, replacement, and disposal of covered communications equipment or service from the eligible provider’s network. Eligible providers may rely upon the predetermined estimated costs identified in the Catalog of Expenses Eligible for Reimbursement. Eligible providers that submit their own cost estimates must submit supporting documentation and certify that the estimate is made in good faith.
 - Detailed information on the covered communications equipment or service being removed, replaced and disposed of;
 - Certain certifications
 - A specific timeline for the permanent removal, replacement, and disposal of the covered communications equipment or services

How to apply

Application Process Overview

- The Commission will act within 90 days on the applications, with the ability to extend the deadline by 45 days if it needs more time
 - Throughout the review period, any applicant with an application that is found to be deficient will have 15 days to cure the defect and re-submit their application
 - If the defect is not cured, the application will be denied and the applicant will need to wait until, and if, a second filing window opens
- Access to Reimbursement Funds
 - Following the application window closing, the Reimbursement Program Fund Administrator will conduct an initial review of the applications to help the Wireline Competition Bureau determine whether the applications are initially considered eligible and acceptable for filing and to evaluate the gross estimate demand contained in those applications



Funding Allocations

Funding Allocation Issuance

Reimbursement Program Recipients

- Based on the cost estimates provided by applicants, the Reimbursement Program Fund Administrator will recommend a funding allocation for each approved application
- The Wireline Competition Bureau will review each recommended funding allocation and, following any modifications to cure deficiencies following the 15-day cure period, will either grant or deny the application and proceed with issuing an allocation
- The Bureau will periodically release public notices announcing funding recipients and the amount of their funding allocations as well as notify recipients directly by email.



Reimbursement Claim Process

Reimbursement Claim Process

How to Access Funding Allocation

- Once funds are allocated, recipients can then draw down funds upon proof of actual expenses incurred by filing an FCC Form 5640 Reimbursement Claim Request.
 - The recipient must show in the Reimbursement Claim Request actual expenses reasonably incurred for the removal, replacement, and disposal of covered communications equipment or services
- Within one year of the approval of its Application Request for Funding Allocation, a recipient must file at least one reimbursement claim.
 - Failure to file a reimbursement claim within the one-year period will result in the reclamation of all allocated funding from the Reimbursement Program recipient and reversion to the Reimbursement Program fund for potential allocation to other Reimbursement Program participants
 - All Reimbursement Claim Requests are due within 120 days following the expiration of the removal, replacement, and disposal term

Reimbursement Claim Process

How to Access Funding Allocation

- Once the first disbursement occurs, the applicant must complete the removal, replacement, and disposal of covered equipment and services within one year of the initial disbursement.
 - Extensions to the one-year term:
 - FCC
 - The Commission may issue a general six-month extension if finds that the supply of replacement communications equipment or services needed by the recipients to achieve the purposes of the Reimbursement Program is inadequate to meet the needs of the recipients
 - Individual
 - The Wireline Competition Bureau may grant an extension for up to six months after finding, that due to no fault of such recipient, such recipient is unable to complete the permanent removal, replacement, and disposal by the end of the term.
 - **The Bureau may grant more than one extension request to a recipient if circumstances warrant**



Other Requirements
for Reimbursement
Program Participants

Disposal of Covered Equipment

- Disposal of Covered Equipment:
 - Reimbursement Program recipients must dispose of the covered communications equipment or service in a manner to prevent the equipment or service from being used in the networks of other providers of advanced communications service. The disposal must result in the destruction of the covered communications equipment or service, making the covered communications equipment or service inoperable permanently. Reimbursement Program recipients must retain documentation demonstrating compliance with this requirement.
 - Additional guidance on the disposal process will be detailed in a forthcoming Public Notice

Reporting Requirements

Requirements for Participants

- Status Updates - every 90 days beginning on the date WCB approves the application and ending with final certification
- Spending Reports - Within 10 calendar days after the end of January and July starting with the recipient's initial funding disbursement and terminating once the recipient has filed a final spending report showing the expenditure of all funds received as compared to the estimated costs submitted
 - The Final Spending Report is expected to be filed no later than 60 days following the expiration of the reimbursement Claim Request Deadline
- Final Certification - Within 10 days following the expiration of the removal, replacement, and disposal term, recipients must file a final certification with the Commission
 - The final certification must indicate whether the recipient has fully complied with all terms and conditions of the program, the commitments made in its application, and the timeline submitted with the Application Request for Funding Allocation
 - The final certification must also indicate whether the recipient has permanently removed covered communications equipment and services that were in its network as of the date of application submission
 - if an applicant indicates that it has not fully complied with all terms of program participation, the applicant must file an updated final certification when the recipient has fully complied

Reporting Requirements

Requirements for Participants

- Annual Report - Providers of advanced communications service shall file initial reports within 90 days after the Office of Economics and Analytics issues a public notice announcing the availability of the new reporting platform.
 - Thereafter, filers must submit reports once per year on or before March 31st, reporting information as of December 31st of the previous year
 - If a provider of advanced communications service certifies to the Commission that such provider does not have any covered communications equipment or service in the network of such provider, such provider is not required to submit a report under this section after making such certification
 - If a provider later purchases, rents, leases or otherwise obtains any covered communications equipment or services it must begin reporting again



Frequently Asked Questions (FAQs)

FAQ

Where can Providers find more information about the Reimbursement Program?



Contact the Program Help Desk by phone at (202)-418-7540



Contact the Program Help Desk by email at SCRPFundAdmin@fcc.gov



Additional information about the Program can be found at fcc.gov/supplychain



For more information consult the:

[**2021 Supply Chain Order**](#)

[**Reimbursement Program Policies and Procedures Public Notice**](#)

[**Cost Catalog**](#)

FAQ

What forms of documentation will be required as part of my application to support eligibility and documentation of existing equipment?

- Provider of Advanced Communications Service:
 - Validated using FCC Form 477 Local Telephone Competition and Broadband Reporting filing information
 - Applicants that have not recently filed FCC Form 477 should be prepared to provide supporting documentation demonstrating their eligibility, which could include:
 - Information from the Applicant's website describing services provided to customers
 - A catalog of services provided to customers
 - Annual public financial reports demonstrating number of customers and/or broadband services provided
- Covered Huawei/ZTE Equipment or Services:
 - FCC Form 5640 requires Applicants to show they have Huawei or ZTE equipment or service that was obtained on or before June 30, 2020 and to identify their existing equipment (e.g., identifying make and model and serial number when available) and date when obtained. Required supporting could include:
 - Architecture or network configuration diagram(s)
 - Equipment inventory lists with asset level identification (e.g., serial number(s))
 - Equipment specifications for existing equipment
 - Purchase orders or other documentation (e.g., invoices) that provide equipment specifications
 - Photographs

FAQ

What forms of documentation will be required to support cost estimates?

- Documentation to support cost estimates will be requested as part of your FCC Form 5640 Application Request for Funding Allocation
- During the filing window, Applicants may use the Cost Catalog (embedded in FCC Form 5640) to support requests if quotes or other documentation are not available at time of submission
- Vendor quotes must be provided for costs not included in the Cost Catalog or for estimates that differ from the average cost estimates in the Cost Catalog
- Vendor quotes must be provided for eligible expenses before the Applicant will be reimbursed for actual costs

FAQ

What costs are not eligible for reimbursement within the Reimbursement Program?

- *Technology Upgrades.* The FCC will only issue allocations and disbursements up to the amount of a comparable replacement using a “costs reasonably incurred” standard. Costs incurred above and beyond the reasonable cost of a comparable replacement will be borne by the Provider. Examples of technology changes that the Commission has said are technology upgrades and not comparable replacements are:
 - Replacing a microwave backhaul with fiber backhaul or replacing last-mile fixed wireless links with fiber-to-the-premises (FTTP) is considered a technology upgrade
 - Replacement of fixed wireless links or RAO networks with fiber
- *Customer Premises Equipment.* Costs associated with the removal, replacement, and disposal of non-Huawei or ZTE customer premises equipment are ineligible for reimbursement under the Reimbursement Program.
 - Additionally, wired (Wi-Fi) and wireless routers that constitute CPE are not reimbursable under the program

FAQ

Should Providers file at the holding company level or the individual/subsidiary level?

- Providers are encouraged to submit a single, consolidated application at the holding company level; however, Providers are permitted to submit at the individual/subsidiary level
- If applying at the subsidiary level, Providers will be required to identify their holding company FRN under the “Real Party in Interest” Information section of FCC Form 5640
- If applying at the holding company level, Providers will be need to provide a listing of the FRNs of the subsidiaries covered by their application, which can be included as an attachment in the application

FAQ

Are expenses related to financing a line of credit or bridge loan reimbursable?

- If a Program Participant began the RRD process prior to applying for and receiving their funding allocation from the Reimbursement Program and required a line of credit or bridge loan to do so, the origination fees, commitment fees, and other fees and expenses associated with that loan may be reimbursable up until the time of allocation
- These costs will be considered on a case-by-case basis
- Participants will need to submit supporting documentation (i.e., a brief cover letter) detailing:
 - The need for the line of credit or bridge loan
 - How that funding is being utilized
 - And, demonstrating that reimbursement is being sought only for fees incurred pre-allocation
- All such fees incurred after a Participant receives their allocation will carry a presumption of being unreasonable and accordingly, will not be reimbursed

FAQ

Can a Provider be reimbursed for the cost of in-house labor?

- The cost of the salary of an internal employee for the time he/she works exclusively on tasks directly related to the RRD project may be reimbursable
- The Program Participant will be required to submit documentation showing hourly rates, time spent on the RRD project, and other information that will allow the Fund Administrator, and any program auditors, to substantiate the cost incurred
- Overhead and ongoing business expenses not directly attributable to the RRD project that would be incurred regardless of participation in the Program are not reimbursable. Examples of non-reimbursable overhead costs include general business operations, administrative, accounting, rent, utilities, insurance, normal system maintenance
- Providers are not permitted to sell services to themselves, and employees are not permitted to sell consulting services to the Provider

FAQ

When can Providers submit reimbursement claims for actual costs incurred?

- Program Participants can submit Reimbursement Claim Requests after they have incurred expenses and received their funding allocation
- Participants can submit multiple Reimbursement Claim Requests as they incur expenses throughout the reimbursement period and will be required to link actual costs incurred and the supporting invoice documentation to their itemized cost estimates
- Participants must file at least one Reimbursement Claim Request within one year of receiving their allocation notification
- Participants have one year from the initial disbursement of funds to complete the permanent RRD of covered communications equipment or services, unless and until they request and receive a term extension from the FCC
- Participants can not submit Reimbursement Claim Requests for costs incurred after the end of their RRD term
- Detailed guidance will be provided on how to submit Reimbursement Claim Requests

FAQ

How often can Providers revise cost estimate(s)?

- Applicants may revise their cost estimates as many times as needed during the filing window.
- Once Applicants have submitted their applications and while it is under review, i.e., prior to being deemed eligible and receiving notification of their allocation, Applicants cannot amend their cost estimates unless (1) specifically asked via RFI to revise their estimate or (2) they've notified the Fund Administrator via the Help Desk of their intent to amend their application
- Post-allocation throughout the reimbursement process, Participants must revise their cost estimate if either:
 - costs are not fully supported by a vendor quote, or
 - a vendor's quoted cost has changed
- Updated, current vendor quotes must be filed with the FCC prior to submitting a reimbursement claim associated with the vendor or supplier
- As a general matter, amendments to an Application Request for Funding Allocation that would result in an increase to the total cost estimate will be denied

FAQ

If a cost estimate has been approved during the estimate review phase, will all invoices associated with that cost estimate also be considered reimbursable?

- During the estimate review phase, the FCC/Fund Administrator will conduct a detailed review of all estimates submitted, sending RFI's as needed
- When a Participant later submits a Reimbursement Claim Request for an expense that was approved during the cost estimate review phase, that submission will be reviewed for sufficiency of documentation and consideration of whether the Participant has made any changes in its transition plan as indicated through other submissions or cost estimate modifications
- If the actual cost of the equipment or service has increased above what the Participant estimated, or the Participant purchases equipment or services that are different from what it reported when submitting its cost estimates, they will be asked to revise and resubmit the estimate to reflect the updated understanding of expenses
- The FCC/Fund Administrator will review this documentation and recommend payment for those revised expenses deemed reasonable
- Funding allocations will not be adjusted once issued

FAQ

If an element of the verified cost estimate was based on the Cost Catalog price, does the Provider need to submit a copy of the vendor quote when requesting reimbursement?

- Yes, the Reimbursement Program Participants must submit a copy of the vendor quote, by filing a modification application, before filing a Reimbursement Claim Request for any claims for which the estimated cost was based on the Cost Catalog

FAQ

When will Providers receive reimbursement payments?

- Providers that are deemed eligible and receive a funding allocation can begin to submit invoices for reimbursement as soon as they receive their allocation
- Reimbursement Claim Requests will be reviewed by the Fund Administrator and approved by the FCC
- Approved claims will be forwarded to the U.S. Treasury for disbursement
- Program Participants will receive reimbursement via ACH payments from the U.S. Treasury into the bank account they identify via the DUNS number on file
- There are many variables that affect the timing of receipt of payments
- Participants can facilitate timely processing of requests by:
 - Ensuring the accuracy of all information in their application
 - Attaching any explanatory and/or documentary materials needed to justify an expense, and
 - Responding timely to any RFIs from the Fund Administrator

FAQ

How does a Provider submit bank account information to receive payment(s)?

- Applicants must register in [SAM.gov](https://sam.gov) using the DUNS number submitted in its FCC Form 5640 Application Request for Funding Allocation to be eligible to receive payments from the U.S. Treasury
- Applicants that do not already have a DUNS number and Commercial and Government Entity (CAGE) code are encouraged to register for these identifiers early, as they may take some time to obtain
- When registering for the DUNS in [SAM.gov](https://sam.gov), Applicants will need to ensure that the Taxpayer Identification Number (TIN) that they input matches the TIN associated with the Provider's FRN in CORES

FAQ

Will there be the ability for Providers to batch upload their site locations and existing equipment in their application?

- Yes, Excel templates will be available for download within the FCC Form 5640 Application Request for Funding Allocation to allow Applicants to bulk upload multiple locations and existing and replacement equipment and/or services

FAQ

What is "eligible sensitive equipment" and how does it need to be disposed?

- Guidance regarding eligible sensitive equipment will be addressed soon in a Public Notice. Disposal processes of such equipment will be dependent on the category of equipment

FAQ

Will Providers be required to meet the executive order on cyber security and assessment requirements in order to do business with the government and/or obtain federal contracts?

- Providers are expected to act in compliance with guidelines referenced in the [Third Report & Order](#), as well as be aware of any other actions required by the Federal Government

FAQ

Will Providers be able to contact Huawei or ZTE for support after their applications have been approved if there is no new billing or monetary exchange for their assistance?

- Providers may need to work with Huawei or ZTE based on the terms of on-going service or maintenance agreement until equipment and services have been decommissioned

Thank you!

SCRIP Help Desk Email – SCRIPFundAdmin@fcc.gov

SCRIP Phone – 202-418-7540

[FCC.gov/supplychain](https://www.fcc.gov/supplychain)