

At a Glance

H.R. 4998, Secure and Trusted Communications Networks Act of 2019

As passed by the House of Representatives on December 16, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	19	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Over Threshold

* = between zero and \$500,000.

The act would

- Establish a program, administered by the Federal Communications Commission, to reimburse certain U.S. communications providers for the cost of removing and replacing certain communications equipment and services
- Establish a program, administered by the National Telecommunications and Information Administration and other federal agencies, to share information regarding security risks to supply chains with communications providers and their suppliers

Estimated budgetary effects would primarily stem from

- Increases in spending subject to appropriation to administer the new programs (most of which would be offset by regulatory fees)

Detailed estimate begins on the next page.

Act Summary

H.R. 4998 would establish a program, administered by the Federal Communications Commission (FCC), to reimburse certain U.S. communications providers for the cost of removing and replacing equipment or services made or provided by entities, including certain companies based in China, that are deemed to pose a national security risk. The act would prohibit recipients of FCC subsidies from using those funds to purchase, rent, lease, or otherwise obtain communications equipment or services that could threaten national security. The FCC would be required to identify and post lists of prohibited equipment and services on its website.

The act also would require the National Telecommunications and Information Administration, in cooperation with the Department of Homeland Security (DHS) and other federal agencies, to establish and administer a program to share information about security risks to supply chains with advanced communications service providers and their trusted suppliers.

Estimated Federal Cost

The estimated budgetary effect of H.R. 4998 is shown in Table 1. The costs of the legislation fall within budget function 370 (commerce and housing credit).

Table 1. Estimated Changes in Spending Subject to Appropriation Under H.R. 4998							
	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
FCC Costs							
Estimated Authorization	*	6	100	250	225	200	781
Estimated Outlays	*	6	100	250	225	200	781
FCC Fees							
Estimated Authorization	*	-6	-100	-250	-225	-200	-781
Estimated Outlays	*	-6	-100	-250	-225	-200	-781
DHS							
Estimated Authorization	*	4	4	4	4	4	20
Estimated Outlays	*	3	4	4	4	4	19
Total Changes							
Estimated Authorization	*	4	4	4	4	4	20
Estimated Outlays	*	3	4	4	4	4	19

FCC = Federal Communications Commission; DHS = Department of Homeland Security; * = between zero and \$500,000.

Basis of Estimate

For this estimate, CBO assumes that the legislation will be enacted in fiscal year 2020. Under that assumption, the affected agencies could incur some costs in 2020, but CBO expects that most of the costs would be incurred in 2021 and later.

Federal Communications Commission

Using information from the FCC and industry experts, CBO expects that eligible communications providers would request about \$800 million in reimbursements over the 2021-2025 period and about \$200 million after 2025. In 2021, CBO anticipates, the FCC would issue rules, establish the program, and begin to accept applications; reimbursements would begin in 2022. Some providers would quickly remove and replace covered equipment, but, for technical reasons, others would probably take longer to do so. Over the 2021-2025 period, CBO estimates, the FCC would spend \$781 million to establish and administer the program and distribute reimbursements. Such spending would be subject to appropriation of the estimated amounts. However, because the FCC is required to collect regulatory fees in an amount sufficient to offset its annual appropriation, CBO expects that any change in net discretionary spending by the FCC would be negligible, assuming appropriation action consistent with that requirement.

Department of Homeland Security

Based on the cost of similar activities in DHS, CBO estimates that establishing a program to share information about security risks to supply chains with communications providers and their trusted suppliers would cost \$4 million annually and \$19 million over the 2020-2025 period. Any spending would be subject to the availability of appropriated funds.

Pay-As-You-Go Considerations: None.

Increase in Long-Term Deficits: None.

Mandates

H.R. 4998 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate cost would exceed the threshold established in UMRA (\$168 million in 2020, adjusted annually for inflation) in at least two of the first five years the mandate is in effect.

If the FCC increases annual fee collections to offset the costs of implementing the act's provisions, the legislation would increase the cost of an existing private-sector mandate on entities required to pay those fees. Using information from the FCC, CBO estimates that the cost of the mandate would range from \$6 million to \$250 million per year over the 2021-2025 period.

H.R. 4998 also would require communications providers to report to the FCC regarding certain purchases of equipment and services. The cost to comply with that mandate would be small because communications providers already collect the information required to be reported under the act.

H.R. 4998 contains no intergovernmental mandates as defined in UMRA.

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