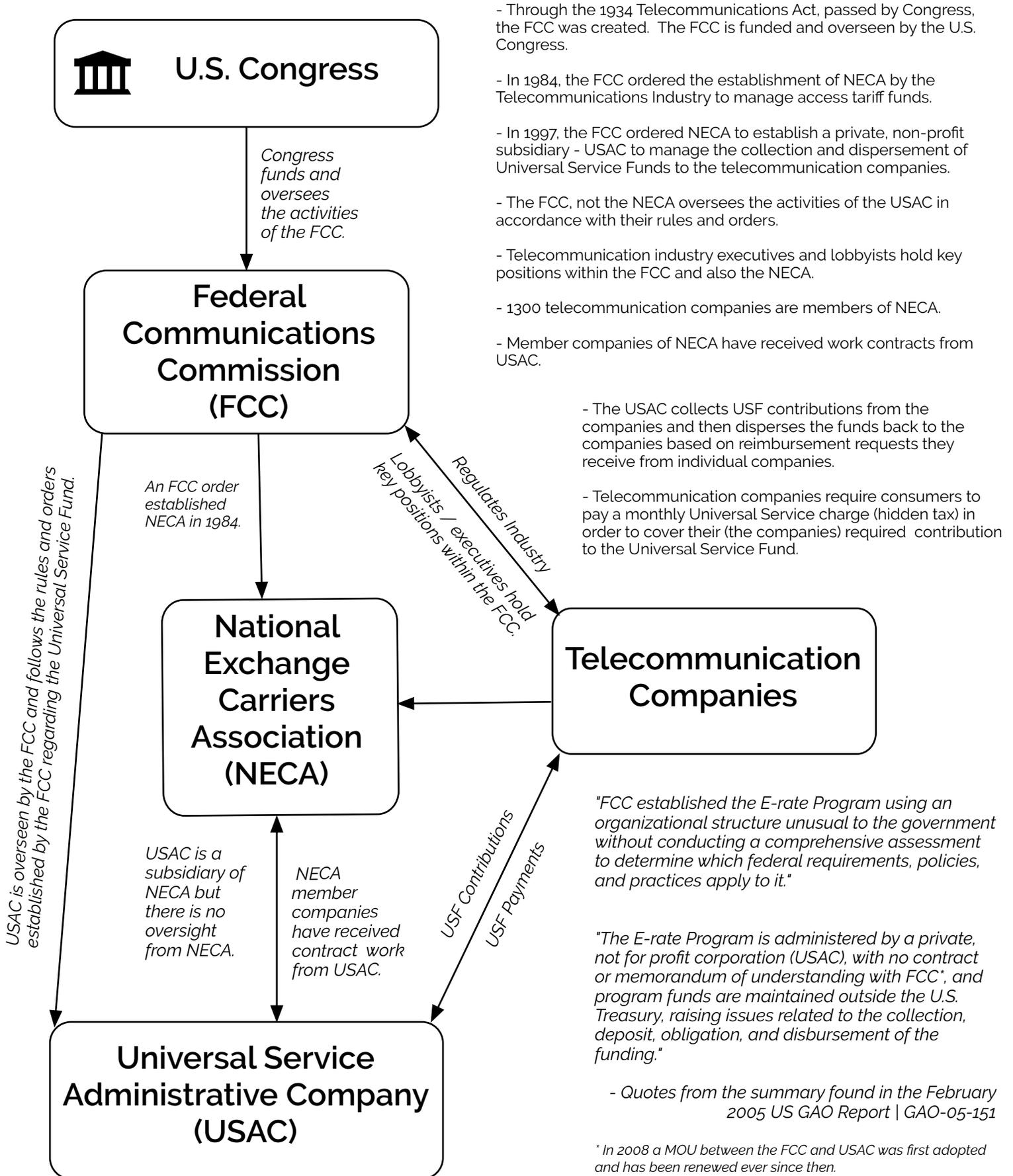


# Overview of Key Organizations



- Through the 1934 Telecommunications Act, passed by Congress, the FCC was created. The FCC is funded and overseen by the U.S. Congress.

- In 1984, the FCC ordered the establishment of NECA by the Telecommunications Industry to manage access tariff funds.

- In 1997, the FCC ordered NECA to establish a private, non-profit subsidiary - USAC to manage the collection and dispersement of Universal Service Funds to the telecommunication companies.

- The FCC, not the NECA oversees the activities of the USAC in accordance with their rules and orders.

- Telecommunication industry executives and lobbyists hold key positions within the FCC and also the NECA.

- 1300 telecommunication companies are members of NECA.

- Member companies of NECA have received work contracts from USAC.

- The USAC collects USF contributions from the companies and then disperses the funds back to the companies based on reimbursement requests they receive from individual companies.

- Telecommunication companies require consumers to pay a monthly Universal Service charge (hidden tax) in order to cover their (the companies) required contribution to the Universal Service Fund.

*"FCC established the E-rate Program using an organizational structure unusual to the government without conducting a comprehensive assessment to determine which federal requirements, policies, and practices apply to it."*

*"The E-rate Program is administered by a private, not for profit corporation (USAC), with no contract or memorandum of understanding with FCC", and program funds are maintained outside the U.S. Treasury, raising issues related to the collection, deposit, obligation, and disbursement of the funding."*

- Quotes from the summary found in the February 2005 US GAO Report | GAO-05-151

\* In 2008 a MOU between the FCC and USAC was first adopted and has been renewed ever since then.