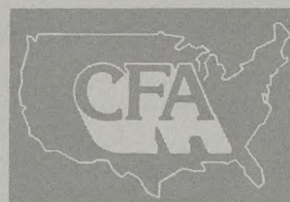

Consumer Federation
of America



1991

ANNUAL REPORT

Consumer Federation of America
1424 16th Street, N.W.
Washington, D.C. 20036
Telephone (202) 387-6121



Dear CFA Member:

I am pleased to submit the following report on CFA's activities and accomplishments.

In 1991, we continued legislative, regulatory, and court-related advocacy that had expanded in 1990. Of greatest significance was the critical role we played in Congressional consideration of banking, telephone, cable TV, indoor air quality, and PUHCA reforms. Most of the twenty Congressional testimonies we presented, for example, addressed these five issues.

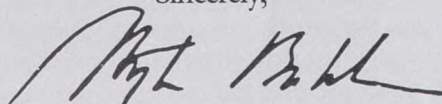
Also noteworthy was our expanding advocacy in the states on telephone, insurance, investor, and real estate issues. As well as developing our own initiatives, we frequently were asked by public service commissions, state insurance departments, securities regulators, and consumer advocates for advice and assistance.

CFA advocacy was backed up by extensive research that was widely reported on by the press. These studies served as the basis for more than a dozen news stories and frequent interviews on TV news and talk shows.

Especially gratifying was our expansion of services to member organizations. We worked closely with consumer, cooperative, or labor groups on several dozen issues. We organized four major conferences for representatives of member groups. And we increased the number of state and local grants for resource development and extended or facilitated other grants and contracts on specific projects.

These accomplishments were made possible by staff productivity and continuity, and by your support and encouragement. I and the rest of the CFA staff thank you for the latter and look forward to working with you in the coming year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen Brobeck", written in a cursive style.

Stephen Brobeck
Executive Director
March 14, 1992

Advocacy

Major Accomplishments

CFA staffers took leadership on many issues before federal and state legislatures and regulatory agencies. Their advocacy on a number of these issues made a difference.

Banking Structure and Consumer Protections: The structure and consumer responsibilities of banks was one of the major issues considered by Congress in 1991. At the beginning of the year, the administration presented the legislature with a proposal for radically restructuring the banking system in ways that would harm consumers. We developed and released a critique of this proposal that was widely reported on by the media. Throughout the year, we sought to build opposition to restructuring in both houses at the same time we supported new consumer banking protections. This advocacy extended beyond the banking committees to commerce and judiciary committees, and included giving testimony before two House banking subcommittees, the House Judiciary Committee, and the Senate Banking and Finance Committee; working with many Congressional leaders and their staffers; sending several letters to committee members or to all members of one house; urging state and local groups to contact Congress, and promoting media coverage of the issue. The latter included four appearances on *The Today Show* and two interviews on *CBS Morning*. In the fall, consumers won a great victory when Congress passed a narrow banking bill that blocked restructuring while establishing new consumer protections such as truth-in-savings, disclosure of CRA exam data, advance notice of branch closings, and expansion of the Home Mortgage Disclosure Act.

Telephone Industry Competition and Consumer Protections: CFA took the lead among national consumer groups in seeking to curb anti-consumer and anti-competitive practices of the Bell companies. At the state level, we continued to argue before public service commissions against those companies' being allowed to offer caller-ID services that fail to protect caller privacy. We also developed a lengthy analysis of network modernization for three commissions and, with AARP, completed an analysis of lifeline and Link Up programs in the states. In Congress, at the beginning of the year we led opposition among consumer organizations to legislation that would permit Bell companies to manufacture phone equipment. This advocacy included presenting testimony to two Senate and one House committees, briefing several groups of Congressional staffers, lobbying individual senators and representatives and their staffers, and seeking support from newspaper editorial boards. In the spring, fearing revision of the modified final judgement to permit Bell company entry into information services, we presented oral argument before Judge Greene. When the court later announced a revision, we mounted a campaign to persuade Congress to prevent this entry until consumer protections were assured. To this end, we helped draft legislation, recruited sponsors in both houses, testified on its behalf in House Energy and Commerce, met with newspaper editorial boards, including those of the *Washington Post* and *USA Today*, and built a coalition of consumer groups, newspaper publishers, and information companies. When Congress adjourned, the 1992 prospects for our information services legislation looked better than those of the manufacturing bill. In late December, we released a lengthy critique of Bell company practices after divestiture that generated great interest among regulators and the media.

Product Safety Improvement: CFA's product safety advocacy was before Congress, the Consumer Product Safety Commission, and the Food and Drug Administration on a wide range of issues including the safety of cigarette lighters, ATVs, bicycle helmets, toys, and cosmetic ingredients. One significant initiative was an effort to remove cancer-

causing urocanic acid from sunscreens. To advance this goal, we petitioned the FDA and informed consumers of the issue through widespread press coverage. In response, the cosmetic industry announced that they had recently removed the chemical from new skin-care products and were seeking to remove those products with urocanic acid from stores and warehouses. Another initiative was a lawsuit with other consumer groups filed in U.S. District Court to force manufacturers to recall and provide refunds for adult-sized ATVs sold for use by children. We followed up this filing with a press conference and a reply brief. Later in the year, we worked with House staff to develop toy safety legislation.

Cable TV Reform: CFA sought to pass cable reform legislation that, in 1990, had been approved by the House but had been blocked in the Senate. We suggested key changes in the 1991 Senate bill, testified on its behalf before the Senate Commerce Committee, persuaded several newspapers to endorse the legislation, lobbied the bill through committee markup, and organized and coordinated a consumer-labor-broadcaster coalition that sought Senate passage. In a meeting with the Senate Majority Leader, at year's end the Coalition was assured that the legislation would be brought to the floor early in 1992. In the House, we supported passage of strong legislation by working with key Congressmen and staff, testifying before the Telecommunications Subcommittee, and helping organize a press conference with Congressional supporters.

PUHCA Reforms: Congressional interest in amending the Public Utility Holding Company Act (PUHCA) created opportunities to establish prohibitions against utility self-dealing and to guarantee smaller utilities access to transmitted power. In the Senate, we sought to block legislation that would accomplish neither goal. To this end, we organized a consumer coalition, testified before the Senate Energy Committee, lobbied Congressional offices, and sought to inform the public through press initiatives. In the House, we endorsed legislation guaranteeing transmission access and sought to influence the development of broader PUHCA-related legislation by developing model language, giving testimony, and communicating with House Energy and Commerce members and staffers. At year's end, anti-consumer Senate legislation had been stopped.

Insurance Advocacy: CFA initiated or supported a wide range of insurance reforms. To advance Congressional legislation repealing the industry's antitrust exemption, we facilitated and participated in negotiations over compromise legislation. We also supported repeal legislation that was approved by the full House Judiciary Committee. To help ensure pro-consumer state insurance regulation, we evaluated the dissemination of auto insurance rate information by state regulators, proposed and helped develop an update of the 1988 assessment of state insurance departments, and encouraged regulators to create a consumer participation program, which they did. To promote credit insurance reforms, we advised several insurance departments and persuaded regulators to release new price information. To restrain auto insurance rates, as well as encouraging states to disseminate auto rate information, we began planning an anti-fraud campaign and helped develop a proposal for socializing auto insurance.

Indoor Air Quality: CFA continued to push for legislation that would help identify and mitigate indoor air quality threats, especially from radon. In the Senate we supported separate indoor air quality and radon bills, including submitting statements of support on both, and were gratified when this house approved the first and reported the second out of committee. In the House, we helped draft an even stronger indoor air quality bill, which was referred to committee, and supported radon legislation, which was also referred to committee.

Promotion of Sustainable Agriculture: CFA tried to persuade Congress to fund sustainable agriculture provisions in the 1990 farm bill. To do so, we organized a consumer coalition, testified before both Senate and House agriculture appropriation subcommittees, lobbied members of these subcommittees, and sought support from the Department of Agriculture. Faced with Congressional reluctance to fund major new programs, we succeeded in winning increased USDA acceptance of a system-wide program and \$10 million in research funds for the states.

Investor Protections: To protect investors, CFA supported several federal and state initiatives. To advance legislation to prevent abuses related to limited partnership rollups, we worked with both House and Senate staffers and sent letters to House Energy and Commerce Committee members. The House bill was approved, and legislation was introduced in the Senate. To encourage states to strengthen or preserve financial planner regulations, we advised several legislatures and sent letters to those in Maryland and Idaho. We also played a key role in persuading Congress to add to the banking bill a provision that would prevent securities fraud cases already filed from being time-barred.

Strategies

CFA pursued several strategies in advocating some 40 consumer issues considered by Congress, federal regulatory agencies, federal courts, and state governments in 1991. These strategies included Congressional and regulatory lobbying, coalition building and grassroots networking, advocacy-related research, and dissemination of information to the press.

1. Congressional and Regulatory Lobbying

CFA's principal lobbying strategy was communicating information and viewpoints to Congressmen, Congressional staffers, and regulators. Most of this lobbying took place in individual conversations and small meetings. But its extent is suggested by the number of testimonies, comments, and petitions submitted to Congressional committees, regulatory agencies, or state legislatures, and in court-related actions.

Month	Committee/Agency	CFA Rep	Issue
March	FCC	Kimmelman	Cable TV
	Senate Energy	Cooper	Electric utilities
	FDA	Fise	Urocanic acid
	Senate Commerce	Kimmelman	Cable TV
April	House Energy/Commerce	Fise	Indoor air quality
	House Energy/Commerce	Cooper	Phone privacy
	House Banking	Miller	Bank reform
	CPSC	Fise	CPSC priorities
May	House Energy/Commerce	Cooper	Electric utilities
	Senate Energy	Cooper	Regulatory reform
	Senate Environment	Fise	Indoor air quality
	House Small Business	Miller	Bank reform
	Federal Appeals Court	Kimmelman	Phone rates
	House Appropriations	Miller	Sustainable ag
	Senate Banking	Miller	Bank reform
	Senate Judiciary	Kimmelman	Phone regulation
	House Public Works	Cooper	Airline competition
June	House Energy/Commerce	Kimmelman	Phone protections
	Senate Labor	Foreman	Poultry inspection
	Maryland Assembly	Roper	Financial planners
August	House Energy/Commerce	Kimmelman	Phone protections
September	CPSC	Fise	Crib toys
	House Judiciary	Miller	Bank reform
	U.S. District Court	Fise	ATVs
October	New York PUC	Cooper	Phone protections
	CPSC	Fise	Hazard labeling
	House Ways/Means	Cooper	Doctor self-dealing
	House Energy/Commerce	Kimmelman	Phone protections
December	New Jersey PUC	Cooper	Phone protections
	CPSC	Fise	Hazard reports

2. Coalition and Grassroots Network Building

CFA's unique character as a federation of national, state, and local organizations provided opportunities to build and maintain Washington-based coalitions and nationwide grassroots advocacy networks. We played a key role in organizing or maintaining coalitions to advance consumer banking reform, telephone rate restraint, cable TV reform, improved indoor air quality, insurance reforms, PUHCA reform, food safety and sustainable agriculture program funding. But our most ambitious coalition and networking efforts involved consumer health and safety. A coalition of some 40 consumer, health, and insurer groups, the Coalition for Consumer Health & Safety which we organized in 1988, revised the group's Agenda document, prepared the second annual status report on the nation's health and safety, identified and promoted Congressional and regulatory health and safety priorities, and initiated a campaign to encourage improved product safety hazard reporting to the CPSC by manufacturers, distributors, and retailers.

3. Public Education

CFA staff prepared a number of studies demonstrating the need for new legislation or the preservation of existing protections. Most of the following publications were reported on by the news media.

General	<i>CFA's Congressional Voting Record</i> (Miller, Jesukiewicz, others)
Banking	<i>Analysis of Treasury Department's Deposit Insurance Reform Proposals</i> (Miller) <i>Trends in Consumer Loan and Savings Rates: The Widening Gap</i> (Brobeck) <i>The Widening Gap Between Consumer Loan and Savings Rates: An Update</i> (Brobeck, Feldpausch)
Consumer Education	<i>Student Consumer Knowledge: The Results of a Nationwide Test</i> (Brobeck)
Energy	<i>Consumer Impacts of Gasoline Price Hikes</i> (Cooper)
Health & Safety	<i>Consumer Health and Safety Agenda</i> (Roper, Fise, others) <i>Consumer Health and Safety: Progress and Priorities for Congress and the Federal Agencies</i> (Roper, Fise, others)
Health Care	<i>A Consumer Perspective on Direct Billing</i> (Cooper) <i>Public Opinion about Quality: Self-Dealing and Billing for Ancillary Medical Tests</i> (Cooper)
Insurance	<i>The Role of State Insurance Departments in Providing Information to Consumers About Auto Insurance Rates</i> (Brobeck)
Real Estate	<i>Real Estate Agents and Home Sales: An Evaluation</i> (Brobecks)
Telephones	<i>Divestiture Plus Eight: The Record of Bell Company Abuses Since the Breakup of AT&T</i> (Cooper, Kimmelman)
Transportation	<i>Clearing the Air on Airline Deregulation</i> (Cooper)

4. Public Education: Press

In addition to reacting to numerous stories, CFA frequently made news. In 1990, we generated 23 separate stories that were reported on by the national press. In addition, we worked with other groups in organizing numerous press conferences, which led to additional stories. Print coverage included all major newspaper and wire services. CFA staff were interviewed extensively by electronic media, including Today Show (four times), CBS Morning (four times), CBS Evening News, Good Morning America, MacNeil-Lehrer News Hour, CNN (numerous times), and CNBC (four times).

Consumer Education

Tele-Consumer Hotline

In 1984, CFA joined with the Telecommunications Research and Action Center, a CFA member, to establish a new information service for those confused by recent changes in phone service. Managed by CFA and TRAC, over the past seven years the Hotline has served more than 250,000 individual consumers and reached millions more through extensive media coverage. Among those who have received assistance are tens of thousands of disabled persons, many of whom have contacted the hotline through its TDD. In 1991, the Hotline responded to more than 50,000 individual information requests. It also began serving California consumers who experienced private pay phone problems.

Consumer Literacy

The 1990 test of the nation's consumer competency initiated a campaign to improve consumer literacy that took shape in 1991. The results of this test served as the basis for a White House roundtable that resulted in the establishment of a task force to define essential consumer knowledge and to develop more effective outreach to members of minority groups. Also, special reports on consumer knowledge of auto insurance, product safety, and consumer credit were prepared and served as the basis for additional roundtable discussions.

In cooperation with The Psychological Corporation and American Express, CFA tested the consumer literacy of high school seniors, who answered, on average, only 42 percent of the questions correctly. These test results served as the basis for a second White House roundtable, which was followed up by the preparation and distribution of sample tests to teachers and by the development of a brochure for parents.

Radon Education

In 1991, the Environmental Protection Agency asked CFA to establish and manage grassroots radon education programs. Millions of Americans are continually exposed to this dangerous gas, which causes an estimated 7,000 to 30,000 lung cancer deaths annually. The CFA project was designed not only to persuade thousands of at-risk homeowners to take remedial actions, but also to test new outreach strategies. Five state and local groups affiliated with CFA were recruited to undertake this grassroots effort.

Affordable Housing

At the request of the Resolution Trust Corporation, in late 1990 CFA began providing assistance to the RTC's affordable housing program. This support emphasized recruiting community-based groups who could find buyers for low-priced houses and assist those moderate-income consumers in this purchase. The effort concentrated on Texas, where nearly half of all affordable housing units held by the RTC were located.

Member Services

Conferences

The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly '91, the nation's largest annual consumer conference. The more than 500 persons in attendance heard speakers including Senator Donald Riegle, Senator Paul Simon, Senator Richard Bryan, Senator Thomas Daschle, Senator John Danforth, Representative Cardiss Collins, author Andrew Tobias, Vermont Insurance Commissioner Jeffrey Johnson, consumer leaders Rhoda Karparkin, Esther Peterson, Bill Spratley, Ken McEldowney, Jean Ann Fox, Ellen Haas, and Bob Hunter, and many others address issues related to the theme of "Hard Times, Changing Times: The Consumer Movement Responds to a World in Transition."

During this week, representatives from CFA member groups conducted the business of the federation. Members of 16 policy subcommittees met to review past policies and to recommend new ones. These recommendations were submitted and voted on at the Annual Meeting, where Board members and CFA officers were also elected.

To address specific issues more thoroughly, CFA organized three issue conferences attended by member representatives. In May, 136 persons participated in a conference on federal energy policies that was addressed by Representative Philip Sharp, Chair of the House Energy and Power Subcommittee, and by other energy policymakers and advocates. In October, 187 persons attended CFA's first conference on consumer marketing issues. Keynoted by Representative Al Swift, the meeting featured debates on societal impacts of marketing in general and on specific marketing practices. Then in December, more than 180 persons participated in CFA's seventh annual financial services conference, which addressed banking, investment, insurance, and real estate issues.

Publications

CFA member organizations received three regular publications:

- Eight issues of CFA's newsletter, *CFAnews*, which reports consumer news and CFA advocacy.
- Four issues of the *Consumer Health and Safety Update*, which covers health and safety issues dealt with by the Coalition for Consumer Health & Safety.
- Four issues of a quarterly newsletter, *Indoor Air News*, which reports on the indoor air activities of advocacy groups, scientists, regulators, and business organizations.

In addition we published the 1991 policy resolutions adopted at the Annual Meeting and the 1990 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues during the previous year.

State and Local Resource Center

CFA's State and Local Resource Center exists to strengthen state and local member groups by supplying them with information, technical assistance, and resources. The Center prepared and sent ten mailings with information on state issues, new publications,

group news, and funding opportunities. Throughout the year, CFA staff responded to several hundred informational requests from representatives of member groups.

The Resource Center's state and local grants fund continued to make small grants to help state and local groups strengthen their organizations. With funding from Consumers Union, the Center was able to grant \$75,000 to 20 different organizations.

CFA also provided about \$15,000 in travel grants to grassroots activists to attend Consumer Assembly and three issue conferences. A primary purpose of these meetings was to brief advocates on pressing issues and to provide them opportunities to share information and strategies.

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Finances

1991 was a good year financially for CFA. At its beginning, we projected a balanced budget. At year's end, there was a \$74,000 surplus. Even though a portion of this surplus was committed to pay 1992 expenses, most of it represented unanticipated net income from the marketing conference, the radon education project, and the affordable housing project.

For the first time in the history of the organization, income exceeded \$1 million. Yet, this figure is inflated by several hundred thousand dollars in state and local grants and subcontracted work on consumer knowledge, affordable housing, and radon education that simply "passed through" CFA to other groups.

	1990	1991
Income	\$781,578	\$1,035,769
Expenses	803,213	961,524
Surplus	(21,635)	74,245
Total Fund Balances	\$405,346	\$ 479,590

