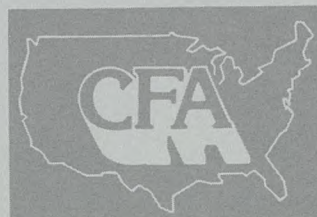
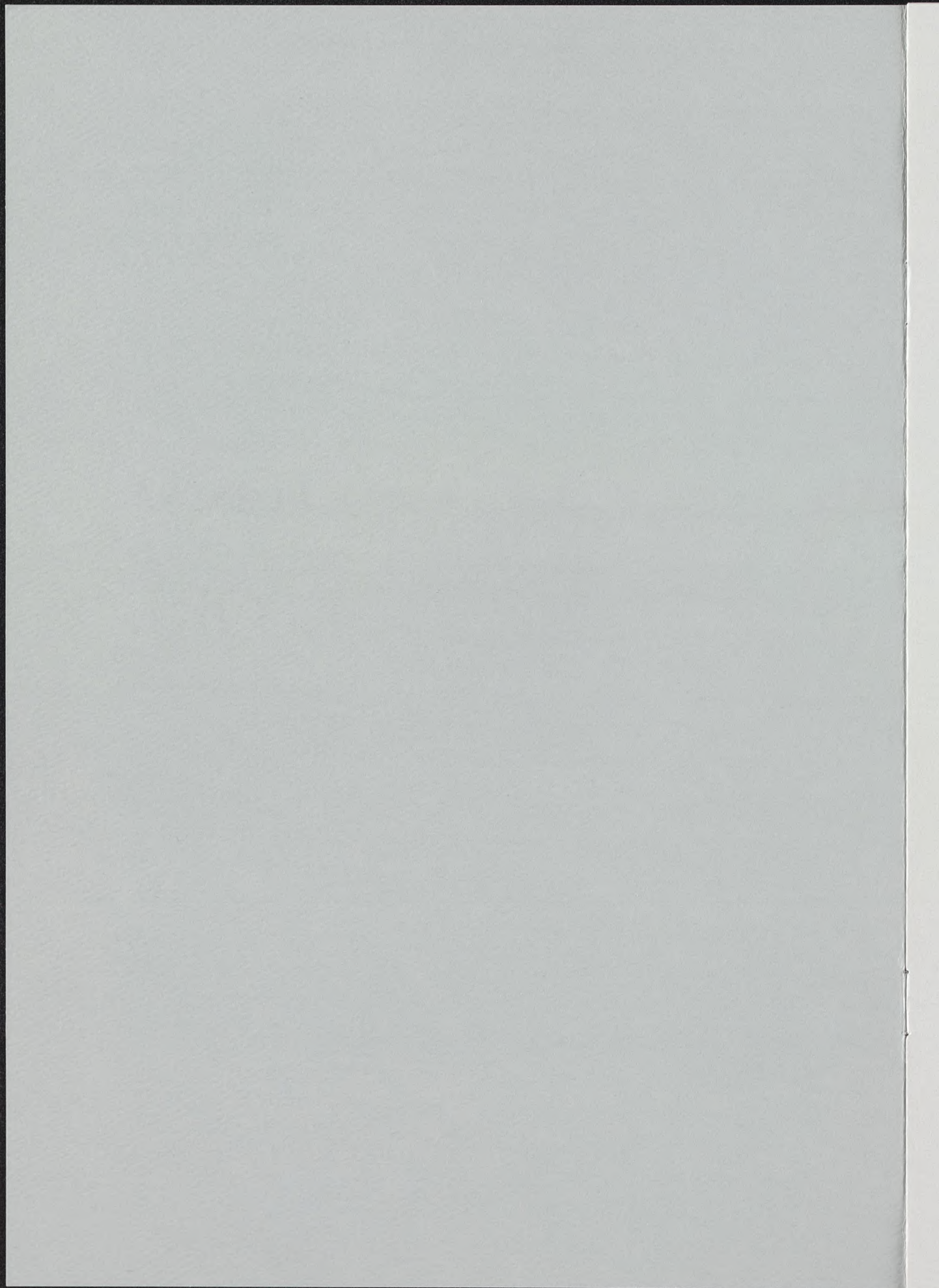

Consumer Federation
of America



1988

ANNUAL REPORT

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



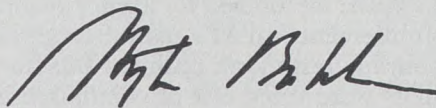
Dear CFA Member,

I am pleased to submit the following report on CFA's 1988 activities and accomplishments.

The most significant development in 1988 was the expansion of our legislative and regulatory advocacy. Seven CFA staffers took the lead on different issues. Even though it was an election year, we testified 13 times before Congressional committees and presented 22 testimonies, petitions, or comments to regulatory agencies. As the next section suggests, our advocacy had an impact.

Another noteworthy development was our expanded efforts to build pro-consumer coalitions. Most significant was our establishment of a consumer health and safety coalition which includes most major consumer, health, and insurer groups. These coalition and network building efforts were supported by a record number five single issue conferences that we sponsored.

These and other accomplishments would not have been possible without your support and encouragement. I and the rest of the CFA staff thank you for both and look forward to working with you in the coming year.

A handwritten signature in black ink, appearing to read "Stephen Brobeck". The signature is fluid and cursive, with the first name "Stephen" written in a larger, more prominent script than the last name "Brobeck".

Stephen Brobeck
Executive Director
March 11, 1989

Advocacy

Major Accomplishments

CFA staff took leadership (or co-leadership) on many important issues. Progress was made on each.

Congressional Candidate Endorsements: CFA's Political Action Committee endorsed and supported 97 pro-consumer House and Senate candidates. The principal assistance rendered these endorsees was the preparation and distribution of individualized press releases to local press. Most candidates used these endorsements, and the results of CFA's 1987 Voting Record, in their campaigns. These efforts appear to have been helpful, for 80 of 91 House candidates, and all six Senate candidates, were elected.

Consumer Banking Reforms: A consumer coalition led by CFA, Consumers Union, and U.S. PIRG succeeded in moving consumer banking legislation in Congress. Near the end of the session, both houses passed bills establishing new home equity loan protections and requiring credit card disclosures in advertising and other promotions. Moreover, bills mandating truth-in-savings disclosures, strengthening the Community Reinvestment Act, and requiring low income protections advanced in Congress. All three reforms were part of House legislation voted out of the Banking Committee, and the first two were included in comprehensive legislation that passed the Senate. CFA staffers lobbied hard for all these protections; with the American Association of Retired Persons, we took leadership on low income protections. On government checkcashing and lifeline banking, in both houses we drafted legislation, persuaded Congressional leaders to introduce it, testified and lobbied on its behalf, built a public interest coalition, and released a supporting bank fee survey.

Product Safety Reforms: CFA took leadership in advancing Congressional legislation and in persuading the Consumer Product Safety Commission to address product safety hazards. As in previous years, we lobbied for agency reauthorization with increased funding levels and also with a requirement that ATV manufacturers provide refunds to past purchasers. Supported by CFA lobbying, testimony, coalition building, and an editorial campaign, bills including these measures were voted out of committee in both houses, but neither made it to the floor. On specific product hazards, however, we had some success urging CPSC action. Faced with Congressional pressure and a lawsuit filed by CFA and other consumer groups, the agency signed a consent decree with ATV manufacturers banning three-wheeled vehicles. Confronted with a CFA petition and with Congressional and press pressure that we helped generate, it banned lawn darts. In response to CFA petitions on hazardous cigarette lighters and small parts in toys, the agency initiated two rule-making proceedings. Other CFA petitions on playground equipment, crib toys, and pool safety have not been acted on.

Indoor Air Pollution: CFA continued its longstanding campaign to persuade Congress and regulatory agencies to reduce hazards associated with indoor air pollution. On the Hill, we supported Senator Mitchell's comprehensive legislation with lobbying, testimony, and coalition building. It was voted out of his Environment and Public Works Committee. On the House side, we helped find sponsors who introduced a similar bill. Bolstered by the publication of frightening EPA risk assessments, radon legislation was approved by Congress and signed into law. We supported it in both houses. At the CPSC, with the New York Attorney General we filed two lawsuits and a petition requesting that they act on methylene chloride hazards. The agency responded by declaring certain products with this chemical hazardous and subject to warning label requirements.

Product Liability: Despite years of disappointment, tort reform advocates continued to push for legislation. They succeeded in moving it through the House Energy and Commerce Committee, but failed to get it to the floor or to move legislation in the Senate. With Consumers Union, CFA spent hundreds of hours opposing anti-consumer provisions and seeking pro-consumer amendments. We also released a second report on the economic benefits of the tort system and published a related op ed essay in the *New York Times*.

Telephone Rate Restraint: CFA's telephone-related advocacy was largely defensive. It was directed toward opposing local and long distance company attempts to generate additional revenue from residential customers. The major threat came from the Federal Communications Commission, which sought to implement an anti-consumer price caps plan for long distance service. CFA took the lead in opposing this proposal. We submitted two sets of comments to the FCC, released a major study of phone company profitability, met with the Commission's chairman, mobilized opposition among other groups, organized a press conference involving such organizations as NARUC, and most importantly, generated opposition from Congress. Faced with pressure from key Congressional leaders, the FCC agreed to postpone their decision.

Health Care Protections: CFA worked on several fronts to expand the availability of health care to the uninsured and underinsured. Working within Health Policy Agenda consensus groups, we helped persuade other members to endorse a generous basic benefits package and expanded Medicaid benefits. The HPA proposals received national news coverage. Also, we endorsed the catastrophic bill, which passed both houses, and lobbied on behalf of Representative Pepper's longterm care legislation, which is building momentum. To restrain health care costs, we conducted a study, issued a press release, gave testimony, and lobbied both houses in support of legislation restricting physician self-dealing.

Utility Restructuring: CFA participated actively in Congressional and Federal Energy Regulatory Commission consideration of various proposals to restructure regulation of gas and electric utilities. In response to a FERC notice of proposed rulemaking on the deregulation of electrics, we submitted comments and testimony emphasizing the need for open transmission. When Congress began reviewing the Public Utility Holding Company Act, we submitted testimony and participated in a working group convened by FERC. To try to prevent industrial bypass of natural gas distribution systems, we prepared a consumer impact study, submitted its findings to Congress in testimony, and lobbied for reform legislation.

Insurance Reform: As consumer dissatisfaction with insurance rates rose, CFA stepped up its efforts to reform the industry. Our initial effort was a collaboration with other consumer groups and the Professional Insurance Agents to prepare a study of the inadequacy of state insurance departments and to develop a model for insurance regulation. Following the release of the report, we met several times with leading insurance commissioners to discuss needed changes. Later in the year, with the National Insurance Consumer Organization we sponsored one of the two California consumer insurance initiatives. While it failed, the other initiative passed. At the same time, in Washington we were lobbying for repeal of the industry's antitrust exemption, which cleared a key House subcommittee. By the end of the year, we were working on many fronts—lobbying Congress, supporting state reform efforts, developing a comprehensive solution to the auto insurance crisis, and organizing efforts to control losses.

Airline Consumer Protections: In response to growing consumer concerns about airline service and safety, CFA began advocacy in this area. We supported legislation prohibiting smoking on short flights, which passed Congress and was signed into law. We supported somewhat different bills providing additional consumer protections, which passed both houses but were never conferenced. We completed a study on airport fee structures, which contribute to flight delays. Responding to this report and to our lobbying, Congress agreed to assess airport pricing of off-premises rental services.

Strategies

CFA pursued several different strategies in advocating more than 40 consumer issues considered by Congress and federal regulatory agencies in 1988. These strategies included Congressional and regulatory lobbying, coalition building and grassroots networking, advocacy-related research, and dissemination of information to the press.

Advocacy

1. Congressional and Regulatory Lobbying

CFA's principal lobbying strategy was communicating information and viewpoints to Congressmen, Congressional staffs, 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 in Congressional committees, regulatory agencies, or state legislatures.

Month	Committee/Agency	CFA Rep	Issue
January	House Government Operations	Weiss	ATVs
	Federal Reserve Board	Fox	Check holds
	Senate Energy	Cooper	PURPA
February	Utah legislature	Kimmelman	Telephone deregulation
	FDA	Fise	Reye's Syndrome
	CPSC	Fise	Methylene chloride
March	Senate Aging	Miller	Low income banking
	CPSC	Fise	Lawn darts
	House Energy and Commerce	Brobeck	Investor complaint redress
April	CPSC	Fise	Agency priorities
	House Appropriations	Weiss	CPSC budget
May	CPSC	Fise	Cigarette lighters
	CPSC	Fise	Child resistant packages
	Senate Banking	Miller	Low income banking
	House Energy and Commerce	Cooper	Gas bypass
	Senate Environment	Weiss	Radon
June	CPSC	Fise	Swimming pools
	Utah PUC	Kimmelman	Telephone deregulation
	CPSC	Fise	Formaldehyde
	CPSC	Fise	Methylene chloride
July	FCC	Kimmelman	Price caps
	FCC	Kimmelman	Link Up program
	CPSC	Fise	Toys
	CPSC	Fise	Lawn darts
	EPA	Fise	Indoor air
	House Energy and Commerce	Cooper	Medical labs
	FERC	Cooper	Electric restructuring
August	Senate Banking	Roper	Financial planners
September	FCC	Kimmelman	Price caps
	Senate Banking	Miller	Low income banking
	House Science	Eskin	Indoor air
	CPSC	Fise	Formaldehyde
	House Energy and Commerce	Cooper	PUHCA
November	Department of Transportation	Cooper	TWA reorganization
	FCC	Kimmelman	Cable telco cross-ownership
	CPSC	Fise	Crib toys
	CPSC	Fise	Playground equipment
	ICC	Cooper	Coal rail rates

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 took the lead in sponsoring or co-sponsoring coalitions against the FCC's price caps proposal and product liability legislation, and for consumer banking protections, a more effective Consumer Product Safety Commission, a variety of product-specific safety protections, rail rate reform, gas bypass protections, and reductions in indoor air pollution. Our most ambitious effort in this area, however, was the organization of a coalition of 26 consumer, health, and insurer groups to develop, then advocate a consumer health and safety agenda. This agenda includes motor vehicle safety, household product safety, food safety and nutrition, alcohol abuse, indoor air quality, cigarette consumption, and AIDS prevention.

In addition, on several of these issues we called on members of our two grassroots networks—state and local member groups and the Consumer Product Safety Network—for support. Network members and others participated in conferences on telephones, banking, electric utilities, indoor air quality, and consumer health and safety. We also invited selected advocates to participate in dialogues on energy and on energy in public housing.

3. Public Education: Publications

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 1987 Congressional Voting Record</i> (Fox)—A record of how members of Congress voted on consumer issues together with an analysis of patterns and trends.
Telephones	<i>Divestiture Plus Four: Take the Money and Run</i> (Kimmelman, Cooper)—A report on the profitability of regional phone companies. <i>Divestiture Plus Five</i> (Kimmelman, Cooper)—An assessment of the consumer impacts of the first five years of a restructured phone industry.
Energy	<i>A Residential Consumer View of Bypass of Natural Gas Distribution Companies</i> (Cooper)—An analysis of the consumer impact of FERC gas bypass policies.
Banking	<i>Bank Fees on Consumer Accounts</i> (Fox, Miller)—The fifth annual multi-city survey of fees and terms on consumer accounts.
Transportation	<i>Airport Fees for Auto Rental Companies: A Consumer Perspective</i> (Cooper)—A study of the inefficiency and unfairness of airport fee structures.
Deregulation	<i>Public Opinion About Regulation and Deregulation</i> (Cooper)—A review of surveys about deregulation in transportation and telecommunications.
Food	<i>A Nationwide Survey of Food Price Hikes</i> (Brobeck)—An analysis of a multi-state survey on drought-related food price hikes.
Product Safety	<i>The Deterrence Gap: How Inflation Has Taken the Bite Out of Civil Penalties</i> (Weiss)—An analysis of the decline in civil penalties because of inflation.
Product Liability	<i>Trends in Product Liability Awards in the Era of Strict Liability</i> (Kimmelman, Cooper)—An analysis of the costs and benefits of the present product liability system.
Insurance	<i>A Study of State Insurance Department Operations</i> (Brobeck et al)—A report on the adequacy of insurance department funding, staffing, and functions.

Advocacy

4. Public Education: Press

In addition to reacting to numerous stories, CFA frequently made news. In 1988, we generated 17 separate consumer stories that were reported on by the national press. Furthermore, publications carried several op ed pieces written by CFA staffers—*New York Times* (product liability), *USA Today* (ATVs), *Houston Post* (deregulation), UPI (toy safety), and Scripps Howard (product liability).

Print coverage included more than 1200 articles in newspapers and magazines including *Congressional Quarterly*, *National Observer*, *Newsweek*, *Business Week*, *The Washington Post*, *New York Times*, *Wall Street Journal*, and *USA Today*. CFA staff were interviewed on the NBC Evening News, the CBS Morning News, the MacNeil-Lehrer Report, It's Your Business, and a PBS banking special.

Member Services

Conferences and Special Events

The most important CFA meetings were held during a four-day period in February. The most widely publicized was Consumer Assembly '88, the nation's largest annual consumer conference. The more than 450 persons in attendance heard speakers including Senator George Mitchell, Representative Henry Waxman, Judge Harold Greene, Arkansas Attorney General John Clark, Consumer Product Safety Commission Commissioner Anne Graham, CBS News' Erin Moriarty, *Newsweek's* Rich Thomas, author Andrew Tobias, and national consumers leaders such as Rhoda Karparkin, Bill Spratley, Alan Morrison, Ellen Haas, and Ken McEldowney address issues related to the theme of "The End of the Reagan Years: Consumer Challenges and Opportunities."

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 also organized five issue conferences attended by member representatives. In April, more than 200 persons met to discuss issues affecting electric utilities and their residential customers. They heard keynote speeches from FERC Chairman Martha Hesse and from New York State PUC Chairman Peter Bradford. In May, 120 persons met to discuss indoor air quality issues. The keynoter at this conference was Senator John Chafee. The next month, 120 health and safety advocates participated in a working conference to begin developing the consumer health and safety agenda. Representative James Scheuer delivered the keynote address. In November, more than 170 persons attended the sixth annual "Telecommunications in the States" conference co-sponsored by CFA and the Telecommunications Research Action Center. Finally, in December more than 200 persons met to discuss banking, insurance, and other financial services issues. They were addressed by Representative Charles Schumer, among other speakers.

At the June Awards Dinner, more than 500 persons honored Senator Robert Stafford, Representative Ted Weiss, consumer educator Dr. Stewart Lee, and CBS consumer reporter Erin Moriarty.

Publications

CFA member organizations received three regular publications:

- Eight issues of CFA's newsletter, *CFA News*, which reports consumer news and CFA advocacy.
- Four issues of the *CPSNewsletter*, which covers safety issues dealt with by federal safety agencies.
- 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 1988 policy resolutions adopted at the Annual Meeting and the 1987 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues.

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. Also, we coordinated multi-state surveys on bank fees and food prices.

The Resource Center's state and local grants fund continued to make small grants to help state and local groups strengthen their organizations. 14 applicants for funding received grants totalling \$12,000.

CFA also provided some \$18,000 in travel grants to grassroots activists to attend Consumer Assembly and four 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.

Finally, CFA staff accepted several invitations to address member groups. Presentations were made at meetings of the American Association of Retired Persons, National Rural Electric Cooperative Association, Credit Union National Association, Americans for Democratic Action, and the American Council on Consumer Interests, where the Colston E. Warne lecture was delivered. Speeches were also given at consumer meetings in Boston, Austin, Raleigh, Phoenix, and Milwaukee.

1988 ANNUAL REPORT

Finances

From 1987 to 1988, income and expenses each increased by more than \$130,000. Although expenses exceeded income by \$20,274, our financial condition remained strong. By year's end, we had more than \$250,000 in cash and \$284,416 in total fund balances.

	1987	1988
Income	\$549,687	\$687,811
Expenses	571,500	708,085
Surplus (deficit)	(21,813)	(20,274)
Total Fund Balances (end of year)	\$304,690	\$284,416

Consumer Federation of America Staff

President:	<i>Kenneth McEldowney</i>
Executive Director:	<i>Stephen Brobeck</i>
Legislative Director:	<i>Gene Kimmelman</i>
Assistant Director:	<i>Ann Lower</i>
Research Director:	<i>Mark Cooper</i>
Public Affairs Director:	<i>Jack Gillis</i>
Product Safety Director:	<i>Mary Ellen Fise</i>
Legislative Representative:	<i>Peggy Miller</i>
Legislative Representative:	<i>Sandra Eskin</i>
Product Safety Coordinator:	<i>Edith Furst</i>
Conference Manager:	<i>Sheila Meade</i>
CFAnews Editor:	<i>Barbara Roper</i>
Secretary:	<i>Lydia Grogan</i>
Administrative Assistant:	<i>Sarah Gardner</i>
Staff Assistant:	<i>Miguel Carpio</i>



