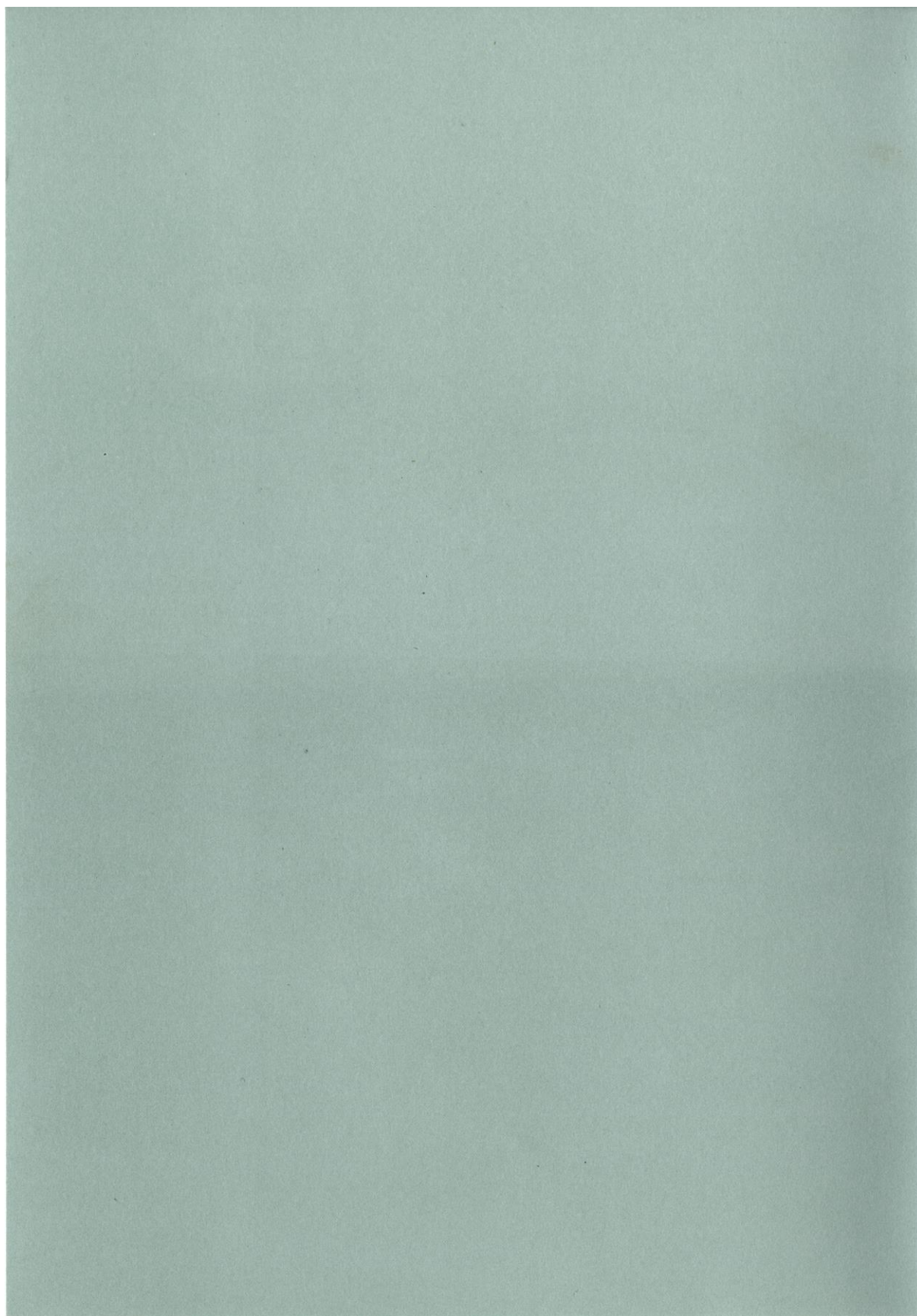


Consumer Federation of America



2016

ANNUAL REPORT





Consumer Federation of America

March 10, 2017

Dear CFA Member,

In the final year of the Obama Administration, CFA made important contributions to progress on a wide range of consumer issues. We led or helped lead efforts to broaden fiduciary standards (DOL), strengthen fuel economy standards (EPA), establish broadband privacy protections (FCC), finance energy-saving home improvements (DOE), create new payday loan protections (CFPB), institute product recalls related to unsafe bedroom dressers and hover boards (CPSC), develop standards for auto insurance affordability (FIO), establish a duty to serve rule for Fannie Mae and Freddie Mac (FHFA), improve food inspection procedures (USDA), and reduce chemical residues in the food supply (USDA). By year's end, however, many of these reforms appeared to be in jeopardy because of anti-regulatory rhetoric from the incoming Administration.

CFA also led or helped lead state efforts to establish energy efficiency standards for computers and monitors and to approve auto insurance reforms. California issued such energy standards, two additional states prohibited "price optimization" policies by auto insurers, and several states considered legislation to ban the use of non-driving factors increasingly used by some insurers in their pricing of policies.

The success of our advocacy resulted in large part from the increasing involvement of state and local advocacy groups. Generous support from Consumer Reports and other sources facilitated the growing effectiveness of this advocacy network. So did the many conferences, forums, workshops, strategy sessions, and grants that we made available to these grassroots advocates.

CFA's main outreach to individual consumers continued through our America Saves, Military Saves, and young worker campaigns. Nearly 80,000 individuals pledged to be Savers, bringing the cumulative total of pledges to more than 450,000. An important part of this effort was America Saves Week, in which some 1,800 organizations participated.

We also strengthened CFA internally by expanding social media efforts, strengthening our diversity policy, generating new funding, and renovating the CFA offices.

I and staff colleagues thank you for your participation and support of the federation. We look forward to working with you in the coming year.

Sincerely,

Stephen Brobeck
Executive Director

Consumer Advocacy

Major Accomplishments

Automobile Safety: CFA, with allied consumer and safety groups, worked with Congress to insure the implementation of provisions in the FAST Act, a comprehensive bill to increase funding for the motor vehicle safety programs of the National Highway Traffic Safety Administration. The coalition also worked with the DOT to direct funding into advanced safety features and prevent auto safety rollbacks. The coalition testified before Congress on recall repair rates, the used car recall loophole, increasing penalties for safety violations, and ways to improve vehicle safety. CFA also testified before Congress on vehicle cyber security issues related to growing vehicle and infrastructure technology, as well as briefing White House staff on the challenges inherent in autonomous vehicle technology and regulation. In addition, CFA participated in successful efforts to prevent a rollback of truck driver hours of service and trailer length restrictions, through regulatory comments, press releases, and support statements.

Communications: CFA continued as a leading advocate for reforms to industry structure and practices that would serve the interests of consumers. We continued opposing mega-mergers that would severely limit competition and consumer choice. Our lengthy analysis of the AT&T-Time Warner merger was featured at a Federal Communications Commission hearing on the subject and also widely reported on by the news media. That merger is pending. CFA was the key driver in the FCC's consideration of opening set-top boxes to allow streaming apps and also setting price caps on bulk data connections related to business data services, filing comments in both proceedings. However, the FCC failed to vote on both issues and, this year, the proceedings were terminated by the new FCC chairman. CFA also applauded and defended creation of a new governance model for assigning Internet numbers.

Consumer Protection/Privacy: CFA's Broadband Privacy Coalition fought successfully for a strong rule from the Federal Communications Commission (FCC) that gives consumers meaningful control over the personal information that their internet service providers can derive from their browser history, app use, and other online activities. CFA worked with other groups to ensure that the FCC's exemption to allow robocalls to collect debts owed to or backed by the federal government adequately protects consumers and to oppose petitions by healthcare providers and others to weaken consumers' robocall rights. Demands by CFA and others for action to stem the rising tide of illegal robocalls helped spur the FCC to call for an industry-led "Robocall Strike Force" to combat the problem. CFA commented to the Federal Trade Commission on a variety of issues, from used car advertising to privacy, and submitted comments to the Department of Commerce concerning the "Internet of Things." In Congress, CFA supported enactment of the Consumer Review Fairness Act, which bars companies from using contract terms that restrict consumers' ability to publicly complain about them. CFA also advocated for bills on a wide range of issues including airline fees, forced arbitration, caller ID spoofing, identity theft, price discrimination, and negative option sales. In addition, CFA testified before the Presidential Commission on Enhancing National Cybersecurity about the privacy and security challenges facing digital consumers.

Energy: CFA continued its consumer leadership in motor vehicle fuel economy and appliance energy efficiency. In anticipation of mounting auto manufacturer pushback, we continued to defend and support higher fuel economy standards by analyzing automaker

progress, underscoring consumer pocketbook savings, and measuring consumer support for higher fuel economy standards and desire for more fuel efficient cars and light duty trucks, then shared this information with policymakers, the media and the public. We filed extensive comments on the EPA's Technical Assessment Report, as well as on the agency's proposed Final Determination for the MY 2022-2025 standards, and testified before a House Energy Subcommittee in support of the standards. We are continuing our work to preserve the standards. In the area of electric vehicles (EVs), CFA conducted another survey measuring public knowledge and attitudes toward EVs, updated our guide to EVs, and evaluated the growth in the EV market. CFA's efforts in the area of increased fuel economy in medium to heavy duty trucks came to fruition with the EPA's issuance of a final rule. CFA also continued its longtime consumer leadership on appliance efficiency. We helped persuade the California Energy Commission to release first-in-the-nation efficiency standards for computers and monitors. We advocated for federal energy efficiency standards for furnaces, participating in a Dept. of Energy (DOE) public meeting and filing consumer group comments on a revised DOE furnace efficiency proposal. CFA also participated in filings at DOE dealing with other consumer products – including lighting, cooking products, commercial air conditioning and heating – and wrote several times to Hill leadership to emphasize the consumer benefits of DOE's appliance standards program. CFA began a new initiative to help facilitate the transition to more energy efficient lighting by surveying consumer attitudes and practices and by researching retail product availability and placement. In a crosscutting issue area, CFA worked with other advocates on strengthening the Department of Energy's policy guidelines for states regarding consumer protections in the PACE program that finances home energy efficiency improvements through the homeowner's property tax assessments.

Food and Agriculture: CFA continued its leadership on food policy issues. Working with other consumer and public health groups, we continued to push Congress to fully fund the Food and Drug Administration's implementation of the Food Safety Modernization Act, and to increase funding to monitor and reduce risks associated with antibiotic resistant foodborne pathogens. We met with key FDA leaders frequently to discuss the agency's implementation of FSMA and its initiatives to reduce antibiotic use on farms, and we submitted comments on the agency's plans to revisit its definition of "natural" labeling claims. We met regularly with the USDA's Food Safety Inspection Service as well, successfully advocating for changes in inspection procedures to ensure that antimicrobial sprays used during processing do not interfere with accurate pathogen testing. We also helped to persuade the agency to establish new standards for dioxins, heavy metals, and other chemical residues; supported new guidelines to protect consumers from misleading labeling claims on meat and poultry; and petitioned for an update of the rules governing safe handling instructions on meat and poultry products. Working with allies and members of Congress, we convinced FSIS to shelve plans to authorize companies to import raw chicken from China. We also worked with allies to defeat federal legislation that would have eliminated the FSIS catfish inspection program, an initiative that has uncovered a high incidence of contamination in imported seafood.

High-Cost Credit: CFA continued its leadership role in defending the CFPB and in advocating for strong Consumer Financial Protection Bureau rules that will benefit low-income consumers. We co-authored a comprehensive comment on the proposed rule on payday and car title loans. While advocating for a strong federal rule, we provided support to state groups and coalitions working to defend existing, or implement new, state protections. CFA also drafted a series of memos in opposition to industry efforts to delay improvements to the Military Lending Act and carve out longer-term payday loans and high-cost pawn loans from the MLA's 36 percent interest rate cap. These briefs were widely distributed to policymakers and succeeded in helping ensure that no action was taken to delay the MLA. CFA worked with partner organizations to make sure that

state payday advocates learned about and engaged in defense of the CFPB, in part by devoting much of biweekly state payday advocates calls, hosted by CFA, for this purpose. We also distributed bi-weekly updates and action alerts on CFPB defense to the hundreds of advocates on our payday list.

Housing: Mortgage finance reform, oversight of Fannie Mae and Freddie Mac, and the intersection of energy and housing policies were at the core of CFA's housing work in 2016. We collaborated with four other authors to produce a series of essays proposing a new structure for the country's housing finance system that would increase access to funds for both consumers and borrowers. This series included separate essays on the general proposal and three additional papers outlining key details of the plan, including how it would manage access to credit. The proposal garnered significant interest from Congress and the Administration and hopefully will be a useful reference point for the new Administration. CFA also was a major participant in the development of a final rule implementing the so-called "duty to serve" requirements imposed on Fannie and Freddie in 2008. We worked with other consumer and civil rights groups to draft comments on the proposed rule; met with FHFA officials to discuss those comments; and helped lead a number of discussions about the proposal. CFA worked with other consumer and civil rights groups to improve policy recommendations developed by the Department of Energy for PACE loans that finance energy saving home improvements and appliance upgrades through property tax assessments. CFA highlighted challenges that PACE could present to consumers and, with allies, successfully persuaded DOE to significantly strengthen its final guidelines for states with respect to consumer protections. CFA continued to host the Consumer Lender Roundtable, a monthly teleconference among senior banking, mortgage insurance, and consumer leaders.

Insurance: CFA continued leading a campaign to help insure that low- and moderate-income drivers could afford auto insurance that is required by all but one state. We published reports demonstrating that auto insurers were using socio-economic factors in rate-making that had no direct relationship to accident losses. We also issued a report showing that high-income drivers responsible for accidents were charged less than low-income drivers with perfect driving records. This research was extensively reported on by the news media and supported our advocacy at the federal and state levels. In Washington, with the support of dozens of national and state consumer groups, we successfully urged the Federal Insurance Office to prepare and release a strong report on auto insurance affordability. At the state level, we supported the work of advocacy groups in Maryland, Oklahoma, Montana, Illinois, and New York, and testified before legislative committees in three of these states in support of new pro-consumer legislation. We also persuaded an additional two states – Virginia and Nevada – to prohibit "price optimization," bringing to 20 the number of states that had banned this practice. Beyond auto insurance, CFA supported reform of flood insurance and coastal home insurance. We also urged state insurance commissions to prevent rate increases on universal life insurance policies.

International: CFA participated in the Consumer Policy Committee at the Organization for Economic Cooperation and Development as it worked on implementation of its newly revised recommendations for consumer protection in electronic commerce and explored other consumer issues. On trade, because of threats to existing consumer and privacy protections, CFA opposed the Trans Pacific Partnership. With our allies in the Transatlantic Consumer Dialogue, we continued to challenge aspects of the Transatlantic Trade and Investment Partnership and began work on a framework for how policies governing cross-border trade and cooperation among regulators could be developed to serve consumers' interests. CFA also joined other groups in providing input to the U.S. and EU governments that helped to strengthen the "Privacy Shield" agreement

to protect the personal data flowing from the EU to US companies, though it is still inadequate.

Investor Protection: Retail investors scored their most important investor protection gains in a generation when the Department of Labor (DOL) finalized a rule in April requiring all financial professionals to act in the best interest of their customers when providing retirement investment advice. Having played a leadership role in support of the rule's adoption over the past several years, CFA continued to be active in its defense against both legislative attacks and legal challenges in 2016. On the Hill, CFA worked with allies to expose weaknesses in legislative alternatives put forward and communicate those weaknesses both through traditional and social media and directly to members of Congress. Successful efforts to defeat a Congressional Review Act challenge included developing and distributing fact sheets on the rule as well as meeting with, calling, and writing to members of Congress and their staff. As part of a so far successful effort to defend the rule in court, CFA participated in the development of two joint amicus briefs and prepared and filed a third brief on its own. Both before and after the rule was finalized, CFA sought to build public awareness of the issue through media outreach, including by working with John Oliver's Last Week Tonight on an episode promoting the importance of fiduciary advice. CFA also worked with Americans for Financial Reform to support state-level advocacy efforts in support of the rule in three states. By year's end, the rule had survived legislative threats and been upheld in two court rulings. The year ended on a sour note, however, with the incoming Trump Administration signaling its intention to roll back the rule. CFA also worked on other investor protection issues, including: opposing a number of House bills that would weaken securities laws and regulatory oversight in the name of promoting "capital formation;" analyzing recommendations regarding the accredited investor definition; and commenting on SEC rule proposals on mutual funds' use of derivatives, broker-dealer order routing practices, and regulation of alternative trading systems.

Product Safety: CFA continued to lead efforts on both broad and product-specific safety issues. We worked closely with a broad public interest coalition to oppose regulatory reform that would thwart the ability of the Consumer Product Safety Commission and other federal agencies to protect the public. We continued our work leading a coalition we formed to oppose the use of all-terrain vehicles on public roads. We sent 30 letters from coalition members opposing state and local efforts to allow ATVs to be driven on public roads and posted unique real time death data on our web site. With this coalition, we also worked unsuccessfully to oppose an appropriation rider that prohibits CPSC from moving forward on the recreational off highway vehicle rulemaking. In addition, we worked to help ensure that the CPSC's budget did not include other provisions limiting its ability to protect the public. CFA testified before the CPSC about priorities for the next fiscal year and also testified before the House Energy and Commerce Committee about the importance of the agency. After CFA and other consumer groups called for the CPSC to take stronger action on the tipping hazard of IKEA dressers and the fire hazard of hover boards, the CPSC recalled the products. CFA authored a report on the importance of Saferproducts.gov, a CPSC incident database, that we released with other groups. With allied groups, we filed comments concerning the CPSC's draft strategic plan, baby changing tables, and crib bumpers. We worked on numerous voluntary standards, including those for juvenile products, laundry packets, ATVs, adult bed rails, and window coverings. We also worked in support of language included in the National Defense Authorization Act for 2017 that would remove and replace window coverings with accessible cords from military housing units in which children under the age of nine reside. To inform consumers, policy makers, and reporters, CFA organized twitter chats on the IKEA dresser recall and on Saferproducts.gov.

Strategies

1. Legislative and Regulatory Communications

CFA's principal advocacy strategy was communicating information and viewpoints to members of Congress, the Administration, and regulators. While most of these communications took place in individual conversations, we also frequently submitted letters, comments or testimony to Congress, the White House, federal regulatory agencies, state regulatory agencies, and international government bodies. During the course of the year, we submitted 138 of these written communications, often with allied organizations.

2. Media

CFA's main link to consumers, and an important means of influencing legislation and policymaking, is the media. In 2016, we issued 103 press releases, held 12 press conferences, and published 13 op ed essays, letters-to-the editor, and blogs on major websites. CFA appeared in 15,440 media articles, 2,006 of which were in the top 100 print, Internet, and trade publications.

CFA also expanded its social media presence. We sent 1,460 Tweets that received 872,800 impressions. Our 134 Facebook posts had a reach of 65,319 and received more than 4,000 likes.

3. Research

CFA research helps us understand issues, inform consumers, and persuade policymakers to act in the consumer interest. Our 13 nationwide public opinion surveys on energy and financial services topics influenced the public policy debate by providing support for stronger fuel economy standards, auto insurance regulation, and tax preparation protections.

We also researched the marketplace and related public policy to demonstrate the need for consumer protections, the preservation of existing protections, or the rejection of anti-consumer measures. The findings of much of this research was reported only in press releases, yet there were also a number of separate reports.

Banking/Credit

A Summary of State Car Title Lending Laws

Wrong Way: Wrecked by Debt – Auto Title Lending in Arizona (with Center for Economic Integrity)

Communications

Overcharged and Underserved: How a Tight Oligopoly on Steroids Undermines Competition (with Public Knowledge)

The Tight Oligopoly on Steroids in the Digital Communications Sector

The Special Problem of Special Access: Consumer Overcharges and Telephone Company Excess

Strengthening the Internet Governance Model Through the Transition of the Internet Assigned Numbers

Consumer Protection/Privacy

Cremation Services: Highly Variable and Misleading Pricing, Lack of Disclosure, and Violation of Federal Rules (with Funeral Consumers Alliance)

CFA-NACPI Consumer Complaint Survey Report

Energy

Automakers Are on the Road to Meeting Fuel Efficiency Standards

Public Power and Rural Electric Leadership on Community Solar Initiatives

Housing

A More Promising Road to GSE Reform (with other experts)

Insurance

Major Auto Insurers Raise Rates Based on Economic Factors

Product Safety

SaferProducts.gov: Five Years Live (with KID, Consumers Union, U.S. PIRG, Public Citizen)

Tax Preparers

Minefield of Risks: Taxpayers Face Perils from Unregulated Preparers (with NCLC)

Public Views on Paid Tax Preparers

Consumer Research and Education

Auto Insurance and Lower-Income Households: With support from the Ford Foundation, as part of a larger advocacy campaign, we continued to research lower-income auto insurance issues related to affordability and discrimination. The research included four reports, based on data from insurer websites, on their use of different rating factors in auto insurance pricing. These reports, and releases related to insurer practices such as price optimization, were widely covered by news media and disseminated throughout the consumer community. Both helped inform consumers about how to more effectively purchase auto insurance.

Consumer Protection: CFA produced new tips and an animated video to educate consumers about protecting their privacy and security when making mobile payments. With its Identity Theft Service Best Practices Working Group, CFA created a checklist for businesses and organizations to help them decide whether to provide identity theft services in the event of a data breach and determine what features would best fit the needs of those affected. CFA also continued to add new articles and other resources to its www.IDTheftInfo.org website, and updated its list of privacy resources. In partnership with the North American Consumer Protection Investigators, CFA published its annual survey report highlighting the top, fastest-growing, and most egregious complaints to state and local consumer agencies and the important work that those agencies do to educate and protect the public.

Credit Scores: In partnership with Vantage Score Solutions, CFA surveyed the nation's knowledge of credit scores for the fifth annual year and also updated an interactive website (www.creditscorequiz.org) and related brochure. The survey was widely reported on by news media. A special effort was also made to work with African-American leaders and media to disseminate information about credit scores in their community.

Energy Efficiency: With continued support from the Energy Foundation, we researched public opinion on support for increased fuel economy in cars and heavy-duty trucks and on light bulb knowledge and use. We also continued to research changes in the fuel efficiency of cars and light trucks. This research, together with our analysis of consumer economic impacts, was reported on by news media.

High-Cost Credit: With support from the Ford Foundation, as part of a much larger advocacy effort, we continued to update information on state payday and car title lending laws.

Life Insurance Rate of Return Services CFA's life insurance actuary analyzed cash-value life insurance policies, including rates of return, for individual consumers.

Military Saves: With support from FINRA Investor Foundation and Navy Federal Credit Union among others, CFA continued to work closely with the Department of Defense on the Military Saves campaign to promote savings among service members. All four branches, plus Air and Army National Guard, Reserve Corps, and Coast Guard – and many military installations in the US and abroad – participated in the yearlong effort. They were supported by defense credit unions,

military banks, banking liaison officers, and non-profit service organizations. During the year, 620 of these organizations participated in Military Saves Week. Social media communications resulted in more than one million Twitter impressions, including 2,350 followers, and more than 23,000 Facebook likes. More than 31,000 took the Military Saves pledge to save, bringing the total number of pledges and re-pledges to more than 240,000 since 2007.

Wealth-Building for Young Workers: America Saves continued to grow the America Saves for Young Workers initiative in 2016. This program seeks to encourage young workers employed by municipal jobs programs to sign up for direct deposit and save a portion of each paycheck. About 56,000 youth were presented with the America Saves pledge either through a job application or the America Saves for Young Workers program. Of those, 31,400 pledged to save and opened more than 5,000 new bank or credit union accounts. A longitudinal study showed that most of these young workers continued to make deposits into their accounts eight months after summer employment ended, with average balances of \$400.

Wealth-Building for Lower-Income Households: CFA continued to expand the America Saves campaign we initiated in 2001 and have managed since then. In 2016, more than 80,000 individuals pledged as Savers, bringing the total number of sign-ups to more than 450,000. During the year, nearly 85,000 Savers received a quarterly newsletter, nearly 16,000 received goal-based text message reminders every two weeks, and over 35,000 received monthly e-wealth coach emails. The number of community, regional, and statewide campaigns grew, with over 60 now in operation. The America Saves website received over 750,000 unique visitors and traffic to its blog doubled, with nearly 200,000 page views. In partnership with the American Savings Education Council, we organized the eleventh annual America Saves Week, in which some 1,700 contributors produced 8,130 tweets, leading to 48 million timeline deliveries on Twitter during the Week. Throughout the year, four national surveys of consumer attitudes and behavior were undertaken and reported on by news media.

Member Services

CONFERENCES

The most important CFA meetings were associated with the 50th annual Consumer Assembly attended by 243 persons in March. They heard speakers – including CPSC Chairman Elliot Kaye, Representative (ret.) Henry Waxman, former Washington Post owner Donald Graham, author Stanley Greenberg, and Pew Research Center’s Scott Keeter – address issues related to current and emerging consumer trends and policy issues.

During this week, representatives from member groups conducted the business of the federation. Members of 14 policy subcommittees met to review past policies and recommended new ones. These recommendations were submitted to and voted on at the Annual Meeting, where Board members were also elected.

Food Policy Conference: In April, 308 attendees heard speakers – including Senator Debbie Stabenow, USDA Undersecretary Kevin Concannon, former FDA Administrator Stephen Ostroff, and pollster Celinda Lake – address the 39th annual National Food Policy Conference.

Financial Services Conference: In December, 205 persons heard speakers – including Federal Insurance Office Director Michael McRaith and Labor Department Assistant Secretary Phyllis Borzi – discuss banking, housing, investment, and insurance issues at CFA’s 29th annual Financial Services Conference.

National Savings Forum: In May, 172 attendees heard leaders and experts from nonprofits, government, business, academia, and think tanks address important issues related to personal saving challenges and how to meet them.

Awards Dinner: In June, 322 persons participated in CFA’s 46th annual Awards Dinner to recognize distinguished consumer service. Senator Sherrod Brown, Illinois Attorney General Lisa Madigan, American Antitrust Institute founder and leader Bert Foer, and investigative journalist Bob Sullivan received awards.

PUBLICATIONS

CFA member organizations received the following publications:

- Twenty issues of CFAnews Update, which reports consumer news and advocacy.
- The 2016 CFA Policy Resolutions adopted by members at CFA’s Annual Meeting.
- The 2015 CFA Annual Report.

CONSUMER COOPERATIVE INITIATIVES

Consumer cooperatives and public power groups have been important members of CFA since the organization's founding. CFA staff undertook the following initiatives to work with and assist these not-for-profit service groups.

- Organized quarterly meetings with national cooperative and public power leaders to exchange information and discuss challenges and opportunities.
- Supported legislation that would expand small business lending opportunities for credit unions.
- Published a white paper on community solar initiatives that recognized the leadership of public power and rural electric cooperatives in this area.
- Worked with NAFCU, CUNA, and many individual credit unions to promote personal saving during America Saves Week and Military Saves Week.
- Managed an America Saves program, with the help of credit union leaders, that recognized 18 individual credit unions for their contributions during America Saves Week.

STATE AND LOCAL RESOURCE CENTER

CFA's State and Local Resource Center, supported by the Colston E. Warne Fund of Consumer Reports, helped strengthen state and local member groups by supplying them with information, technical assistance, and resources. We awarded more than \$85,000 in grants for advocacy and for building organizational capacity. We organized two state and local issue briefings, a state and local advocacy roundtable discussion on strategy, and a forum on social media for national as well as state and local leaders. And we frequently emailed the some 100 state and local member groups information about consumer and related policy issues. To assist state and local participation in these meetings, we provided more than \$13,000 in travel assistance. And we began planning a 2017 Consumer Lobby Day that would fund the participation of state and local advocates in visits to Members of Congress and federal regulators.

Finances

CFA had a good year financially, principally because of unexpected *cy pres* award revenues, with total income bolstered by carryover from previously received *cy pres* awards and grants.

Income	\$4,440,142
Expenses	3,378,442

Net Assets	
Temporarily restricted	\$4,582,830
Unrestricted	4,164,121

