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Consumer Federation  
of America

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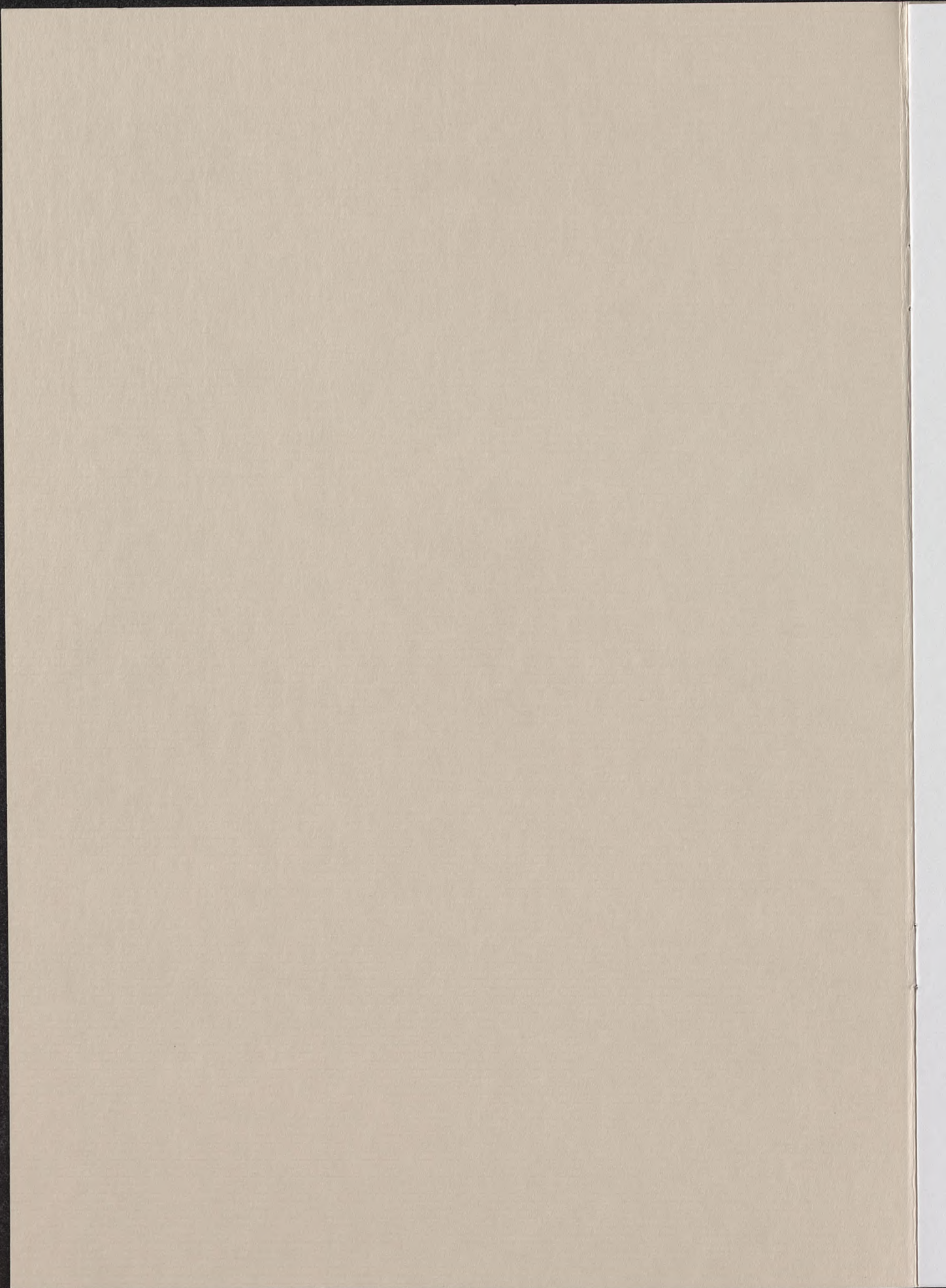
# 1995

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## ANNUAL REPORT

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**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 1995 activities and accomplishments.

Our new chairman, Senator Howard Metzenbaum, and new Insurance Group greatly expanded CFA advocacy in the areas of health care, insurance, and seller liability. Other CFA advocates continued extensive work in the areas of telecommunications, financial services, and product safety.

While all of our advocates largely played defense on Congressional issues, they did so effectively. They also influenced the policies and priorities of federal and state regulatory agencies, especially the Federal Trade Commission, Consumer Product Safety Commission, Federal Communications Commission, state insurance departments, and state public service commissions.

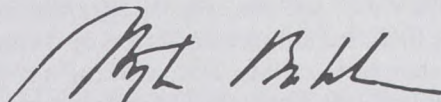
To support this advocacy, CFA completed more policy-related research, and received wider press coverage, than ever before. In just one two-day period in June, for example, we received clips from 29 news publications on 20 issues quoting eight CFA staffers. In the previous month, we were cited on at least 14 national television news programs.

CFA also carried out wide-ranging consumer education on safety and finance issues. Particularly noteworthy was a national campaign, which we initiated and coordinated, to publicize money-saving tips throughout middle America. During the campaign's first eight months, we distributed about 300,000 copies of the pamphlet, "66 Ways to Save Money."

Within CFA the most significant development was increased participation and support from co-op and public power groups that stimulated new advocate/co-op initiatives. Financial support from other sources improved our financial condition and allowed the purchase of a new phone system with voice mail. The administrative staff deserves special recognition for their outstanding management of a dynamic organization.

These accomplishments were made possible by your support and encouragement. I and other CFA staffers thank you for this backing and look forward to working with you in the coming year.

Sincerely,



Stephen Brobeck  
Executive Director  
March 30, 1996

# Advocacy

## Major Accomplishments

**Telecommunications Consumer Protections:** Both the House and Senate debated legislation that would restructure the telephone industry. At the same time, many states considered restructuring regulation of this industry. At both the federal and state levels, CFA led the effort to help ensure that any changes adequately protected consumers. Our Washington-based advocacy included extensive research, press communications, coalition building, and lobbying of both Congress and the Administration. We prepared and released reports on rates, cross-subsidization, media concentration, and children and consumers, and a public opinion survey on several of these issues. We were frequently interviewed by news programs such as The McNeil/Lehrer Report and by major newspapers and wire services. On the Hill, we worked with sympathetic staffers, contributed legislative language, gave testimony, and lobbied members. At year's end, Congress and the White House had reached agreement on legislation that contained many of the consumer protections for which we had fought. In the states, we widely circulated a paper on how to make competition work for consumers, testified before 13 public service commissions, and organized briefings for consumer advocates.

**Investor Protections:** CFA was a leading opponent of Congressional legislation to restrict legal remedies of abused investors and to weaken federal and state regulatory agencies. To inform the public of these anti-consumer bills, we spoke frequently with the press about investor fraud and, with two other organizations, prepared and released a report on abuses against elderly investors. To build consumer group opposition to the legislation, we helped coordinate a pro-consumer coalition. To influence Congress, we worked closely with sympathetic senators and lobbied members. To encourage White House opposition, we communicated frequently with Administration leaders. While we appear to have influenced the President's decision to veto legislation on securities litigation, this veto was overridden by Congress.

**Insurance Reform:** CFA greatly expanded its insurance advocacy at both the federal and state levels. We took the lead in opposing Congressional legislation on disaster insurance. This opposition included organizing a coalition, testifying before Congress and lobbying members, and communicating frequently with the press. Our opposition was instrumental in persuading co-sponsors to reconsider their legislation. In the states, on issues ranging from National Association of Insurance Commissioner accreditation to CIGNA's proposed recapitalization, we strongly supported joint state action. On life insurance, we released a major report that estimated wasted consumer spending of \$6 billion annually and proposed specific reforms to curb this waste. On auto insurance, we prepared a report documenting the success of recent reforms and called for other measures to restrain rates.

**Product Safety:** CFA took the lead in supporting Consumer Product Safety Commission pro-consumer initiatives. We communicated frequently with the Chairman and other commissioners through individual conversations and formal testimony. Our work on specific issues such as crib safety, child-resistant packaging, bunk bed safety, and balloon safety included submitting letters or comments to the Commission, participating in voluntary standard setting, and working on public information campaigns. In addition, we continued our leadership of a campaign to improve playground safety and fund poison control centers adequately.

**Health Care:** For the first time, CFA began to play a lead role on health care issues. To oppose legislation that would limit the legal remedies of injured patients, we released a critical report, helped maintain a consumer coalition, and lobbied the Senate. To raise questions about the anti-competitive effects of HMO mergers, we organized a press con-

ference, opposed a major managed care corporate merger, and lobbied Administration and FTC officials. On proposed changes to Medicare and Medicaid, we participated in a coalition and issued a report outlining health care consumer protections eliminated in the House bill. Several of these provisions were stripped from, or moderated in, the Senate bill. The legislation was vetoed by the President.

**Marketing Abuses:** As well as releasing our annual report on consumer scams, we played a lead role in advancing needed telemarketing and auto leasing protections. When the Federal Trade Commission considered weakening proposed telemarketing regulations, we organized opposition by building a consumer coalition that submitted two sets of comments to the Commission, met with the Chairman and other commissioners, and released a critique at a press conference. As a result, the FTC strengthened its regulations. To support more effective auto leasing protections, we documented illegible ad disclosures, communicated with FTC leaders, and submitted comments to the Federal Reserve Board.

**Product Liability:** To oppose Congressional legislation on this issue, we prepared reports on product liability insurance and on trends in product liability awards, mobilized state and local groups, worked with a consumer coalition, testified before House and Senate committees, and lobbied Congressional offices. By the end of the year, both houses had passed bills whose differences a conference committee had been unable to resolve.

**Cable TV Regulation:** To protect existing cable regulations, we worked closely with Congressional allies, briefed Senate staffers, testified before a Senate committee, lobbied the White House, and released a consumer opinion survey. To strengthen specific regulations, we submitted various comments to the Federal Communications Commission and lobbied agency leaders. Our efforts helped persuade Congress to moderate deregulation proposals that were incorporated in telecommunications legislation.

**Indoor Air Quality:** CFA took the lead in seeking to protect federal indoor air quality and radon programs. We organized a consumer/environmental coalition, sent letters to the House and Senate, and lobbied individual offices. Because proposals to weaken these programs were incorporated in budget legislation, which bogged down, Congress took no major action on the issue.

**Food Safety:** CFA participated actively in a consumer coalition to strengthen meat and poultry inspections by persuading the U.S. Department of Agriculture to issue more effective regulations and by convincing Congress to accept these regulations. Our advocacy included releasing a cost-benefit analysis, helping organize two press conferences, lobbying USDA leaders, and lobbying key senators. At year's end, House legislation to block USDA improvements had bogged down.

**Consumer Banking Protections:** Our banking advocacy consisted mainly of working with other consumer groups to oppose the weakening of existing federal consumer protections and of monitoring bank marketplace structure and prices. The consumer coalition persuaded the Senate to drop the most anti-consumer proposals. And the press and federal regulatory agencies looked frequently to CFA for analysis and comment. CFA was the only consumer group with representation on Treasury's Advisory Commission on Financial Services and a Federal Reserve bank board.

**Defense of Power Marketing Administrations:** Encouraged by conservative ideologues and for-profit utilities, some members of Congress pushed for the privatization of PMAs that have provided affordable electricity to rural electric and public power customers for decades. CFA joined with non-profit utilities to oppose sale of the PMAs, sending letters to both houses, releasing a consumer survey, and speaking with reporters. Our collective opposition stalled privatization efforts.

**Residential Real Estate Brokerage Reforms:** CFA continued its efforts to reform agency practices, lower commissions, and strengthen state regulation. Throughout the year, we communicated with industry allies, the press, and regulators. We also released the results of a public opinion survey, conducted with AARP, that revealed consumer support for more vigorous and more independent state regulation. While changes in industry practices increased consumer confusion, they also made the marketplace friendlier to home buyers and sellers.

## Strategies

CFA pursued several strategies in advocating nearly 30 issues considered by Congress, federal regulatory agencies, federal courts, and state governments in 1995. These strategies included Congressional and regulatory lobbying, coalition building and grassroots networking, advocacy-related research, and dissemination of information to the press.

### I. Congressional and Regulatory Lobbying

CFA's principal lobbying strategy was communicating information and viewpoints to members of Congress, Congressional staffers, and regulators. Most of these communications took place in letters, individual conversations, and 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
February	FCC	Stillman	Cable TV
	House Judiciary	Fise	Product liability
	House Commerce	Fise	Securities litigation
	House Commerce	Fise	Product liability
	CPSC	Fise	Poison prevention
March	U.S. Supreme Court	Metzenbaum, O'Reilly	Annuities
	FCC	Stillman	Cable TV
	FCC	Stillman	Cross-ownership
	Senate Commerce	Stillman	Cable TV
	FTC	Ponder	Telemarketing
April	CA Assembly	Shahan	Lemon laundering
	Senate Commerce	Hunter	Product liability
May	Senate Judiciary	Hunter	Product liability
	FCC	Stillman	Cross-ownership
	House Commerce	Stillman	Phone regulation
	FCC	Stillman	Cable TV
	EPA	Ponder	Auto inspections
June	FCC	Stillman	Satellite telecom
	FTC	Ponder	Telemarketing
July	BATF	Fise	Firearms
	CPSC	Fise	Bunk beds
August	DOJ	Metzenbaum, Horan	Managed care merger
September	HHS	Fise, others	Nutrition labeling
October	FCC	Stillman	Long distance
	House Transportation	Hunter	Disaster insurance
	DC Appeals Court	Stillman	Cross-ownership
November	Federal Reserve	Ponder	Auto leasing
December	PA Insurance Dept.	Hunter	CIGNA restructuring
	FCC	Stillman	TCI merger

## 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 telephone and cable rate restraint, improved indoor air quality, improved outdoor air quality, children's safety, new investor protections, reform of residential real estate brokerage practices, the curbing of insurance fraud, and the preservation of patient, investor, and consumer legal protections. Our most ambitious coalition and networking efforts involved consumer health and safety. The Coalition for Consumer Health & Safety, a coalition of 40 consumer, health, and insurer groups that we organized in 1988, targeted key health and safety legislative priorities, provided critical support on many legislative and regulatory initiatives, published four issues of a newsletter, published a report on the status of the nation's health and safety, and conducted an educational campaign on hidden product hazards.

## 3. Public Education: The Press

In addition to reacting to numerous stories, CFA frequently made news. In 1995, we generated 41 separate stories that were reported on by the national press. In addition, we worked with other groups in organizing several press conferences, which led to additional stories. Print coverage included frequent stories and quotes in all major newspapers and wire services, and television coverage included interviews on all major news programs. Also, we wrote op ed essays or letters that were published in *The Washington Post*, *New York Times*, *Wall Street Journal*, *Chicago Tribune*, and Scripps-Howard.

## 4. Public Education: Research

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.

<b>General</b>	<i>CFA's Congressional Voting Record</i> (Stillman, Gordon) <i>Consumer Scams: 4th Annual Report</i> (Brobeck with NACAA)
<b>Telecommunications</b>	<i>Consumer Attitudes Toward Cable TV Rates</i> (Stillman) <i>Mergers and Deregulation on the Information Superhighway: Results of a National Opinion Poll</i> (Cooper) <i>Basic Service Rates and Financial Cross-Subsidization of Unregulated Baby Bell Activities</i> (Cooper) <i>Federal Policy and Local Telephone and Cable TV Rates</i> (Cooper) <i>Economic Concentration and Diversity in the Broadcast Media: Public Policy and Empirical Evidence</i> (Cooper)
<b>Insurance</b>	<i>Early Life Insurance Terminations and Wasted Consumer Expenditures</i> (Hunt, Brobeck) <i>State Legislators and Insurance Conflicts of Interest</i> (Hunter, Sissons) <i>Auto Insurance: Progress Through Reform But More to be Done</i> (Hunter)
<b>Health Care</b>	<i>Medical Malpractice Insurance</i> (Hunter) <i>Medical Alert: House Republican Medicare and Medicaid Plans</i> (Horan)
<b>Health/Safety</b>	<i>Clean Cars Clean Air: A Consumer Guide to Auto Emission Inspection and Maintenance Programs</i> (Ponder) <i>The Nation's Health and Safety: A Status Report 1995</i> (Neidle, ed.) <i>Hidden Hazards II</i> (Neidle, ed.)
<b>Product Liability</b>	<i>Product Liability Insurance Experience: 1984-1993</i> (Hunter)
<b>Real Estate</b>	<i>Real Estate Regulation: Results of a Public Opinion Survey</i> (Brobeck with AARP)

# *Consumer Education*

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## Consumer Literacy

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CFA continued to build its national campaign for consumer literacy that began in 1990 with the release of a test of the nation's consumer competency. This test, supplementary knowledge tests, and related roundtable discussions laid the groundwork for CFA's establishment, in late 1992, of a Consumer Literacy Consortium to develop and disseminate "essential consumer knowledge." The Consortium, made up of 25 leading consumer educators, agreed on important messages that were incorporated into a pamphlet, "66 Ways to Save Money." By year's end, nearly 300,000 copies of this publication had been distributed.

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## Debt Management

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Last year, CFA convened a group of leading consumer groups, consumer credit counselling agencies, and creditors to develop a consensus about messages of use to consumers in financial difficulty. These messages identified warning signs of financial trouble, explained what consumers could do on their own to recover, discussed credit counseling and bankruptcy as options, and outlined pitfalls. They were incorporated into a pamphlet, "How to Manage Your Debts," that was distributed by consumer credit counselors and by CFA. By year's end, more than 200,000 copies had been distributed.

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## Tele-Consumer Hotline

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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 twelve years the Hotline has served more than 400,000 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 1995, the Hotline responded to about 40,000 individual information requests about telephone services and also handled about 4000 calls from consumers whose homes had high radon levels.

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## Radon/Indoor Air Quality Education

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At the request of the Environmental Protection Agency, CFA continued work on a grass-roots campaign to inform citizens of the potential dangers of radon gas and other indoor air pollutants in their homes. Most of this work was done in partnership with fifteen state or local consumer groups. With assistance from CFA, these groups encouraged consumers to test their homes for pollutants and to test their houses for radon. A CFA-developed consumer checklist pamphlet, *How Healthy Is the Air in Your Home?*, was a key component of this campaign. CFA and its indoor air state and local partners distributed over 100,000 copies of this pamphlet. CFA's Radon Fix-It-Line also provided information to over 4000 consumers whose homes had high radon levels. A new brochure, *Lowering Radon Levels: Help for Consumers*, publicized this hotline. CFA also managed the development of TV and radio public service announcements on radon hazards.



## Member Services

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### Conferences

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The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly 1995, the nation's largest annual consumer conference. More than 400 persons in attendance heard speakers including Senator Paul Simon, Senator Barbara Boxer, and John Kenneth Galbraith address issues related to the theme of "New Challenges to Consumer Policies and Programs."

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 two issue conferences attended by member representatives. In May, 138 persons participated in a conference on consumer utility issues that featured keynote speeches by Commerce Department Assistant Secretary Larry Irving and by Assistant EPA Administrator Mary Nichols. And in December, 159 persons participated in CFA's eleventh annual financial services conference, which addressed banking, investment, insurance and real estate issues, and featured keynote speeches by House Banking Chairman Jim Leach and by Treasury Undersecretary John Hawke.

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### Publications

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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 1995 policy resolutions adopted at the Annual Meeting and the 1994 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues during the previous year.

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### State and Local Resource Center

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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 \$69,122 to 23 different organizations.

Again with funding from Consumers Union and other CFA member groups, CFA also provided more than \$20,000 in travel grants to grassroots activists to attend Consumer Assembly, technical training workshops, and two 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.

## 1995 ANNUAL REPORT

### *Finances*

In 1995, CFA ran a small real surplus of \$20,008. In December, we received a \$60,000 grant, to cover out-of-pocket expenses incurred in 1996, that accounts for the total cash surplus of \$80,008. Because of cash purchases of equipment, the growth in net assets exceeded the rise in the surplus.

In the past three years, income (and expenses) have grown significantly — from \$1,136,243 in 1993 to \$1,463,997 in 1994, to \$1,717,525 in 1995. Most of this expansion represents increases in grants that are largely passed through CFA to other groups. A portion of the rise over the last year, however, represents an increase in dues contributions from co-op and public power organizations.

	1994	1995
Income	\$1,463,997	\$1,717,525
Expenses	1,350,051	1,637,517
Surplus	113,946	80,008
Net Assets	\$ 588,432	\$ 695,283

