

Consumer Federation  
of America



1985

ANNUAL REPORT

Consumer Federation of America  
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Dear CFA Member,

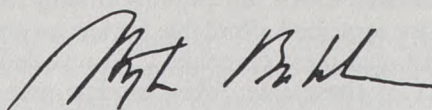
I am pleased to submit the following report on CFA's activities and accomplishments.

1985 was a year of growth for the federation. An energetic membership campaign by Board and staff persuaded more organizations to apply for membership, 39, than in the previous five years combined.

These new members, two book contracts from major publishers, and four single-issue conferences generated new revenues that account for much of the record increase in CFA income. The resulting surplus permitted the purchase of computer equipment, increased assistance to state and local advocacy groups, the addition of two badly-needed staff positions, and the augmenting of the CFA reserve fund.

Most significant of all was CFA's expanded advocacy on pocketbook, health and safety, and regulatory issues. On issues as varied as telephone lifeline, check holds, credit union taxation, product liability, and indoor air quality, CFA staff made a difference.

These successes, however, 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.



Stephen Brobeck  
*Executive Director*  
February 8, 1986



# Advocacy

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## The Year for Consumers

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In 1985, Congress and federal regulatory agencies made some progress in responding to new threats to consumers' pocketbooks, health, and safety. Moreover, except for a Senate initiative to override strong state product liability statutes which failed, few attacks were launched against established consumer laws and agencies that have served consumers well. Yet, this progress was slow and incomplete. And the Gramm-Rudman Deficit Reduction Act threatened to decapitate consumer agencies whose limbs had been amputated in earlier budget-slashing.

Congress debated solutions to several pressing health and safety dangers with little final resolution. Both the House and Senate passed superfund fills, yet failed to agree on a method of funding. Support for federal regulation of amusement parks grew, but this authority was not approved by either house. More encouraging, despite Administration opposition both houses voted funding for needed indoor air quality research and control programs. And they appropriated funds for the Consumer Product Safety Commission at 1984 levels. The budget of this agency, and other consumer regulatory agencies, however, will be cut substantially if Congress permits Gramm-Rudman to take effect.

Congress and the agencies began to address the consumer costs of deregulation in banking, communications, energy, and transportation. The House Banking Committee reported out bills that would limit check holds and require banks to meet strict community need tests before being allowed to expand interstate. The House and Senate agreed to hold hearings on the need for the Interstate Commerce Commission to evaluate railroad rate requests more critically. The Federal Energy Regulatory Commission issued a proposed rule that would guarantee consumers access to low cost natural gas. And despite the Federal Communication Commission's issuance of an inadequate "lifeline" order, legislation was introduced in the House and Senate to help ensure low income consumers affordable basic phone service. By year's end, though, none of these reforms had been approved.

Of greatest potential benefit to low and moderate income consumers was the tax reform bill passed by the House. By closing loopholes and introducing minimum tax rates, this legislation would lower their tax rates and increase the number with no tax liability.

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## Major CFA Accomplishments

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

**Lifeline Phone Service:** CFA's top priority among telephone issues was helping ensure that basic phone service remained affordable for low income households. In two major reports receiving extensive national press coverage, CFA revealed substantial increases in residential rates and the impact of these rate hikes on low and moderate income families. These studies and a petition were used to lobby the FCC and persuade key Congressmen to urge the Commission to establish a lifeline phone service program. Although the FCC finally decided only to allow states to rebate a portion of access charges, support for a real lifeline solution grew in Congress and in many states. CFA was instrumental in the introduction of lifeline phone bills in the House and Senate. And in interventions in New York, North Carolina, and Hawaii, CFA staff convinced public service commissions that they must intervene to ensure the continued expansion of residential telephone networks.

**Consumer Banking Reforms:** To demonstrate the need for consumer banking legislation, CFA issued two studies that were widely reported on by the press. One, researched by CFA member groups, revealed that consumer fees and charges continue to escalate. The other report documented that credit card rates remained at historically high levels while other rates declined. In addition, CFA prepared a detailed critique of a Federal Reserve Board fee study that persuaded the Chairman of the House Banking Committee to register a formal complaint with the Fed.



These studies and vigorous lobbying on the Hill with other consumer advocates spurred action in the House. Two representatives (and two senators) introduced legislation limiting credit card rates. The House Banking Committee approved a check holds bill and interstate banking legislation with strong community service provisions. The latter were added to the interstate bill by a voice vote of the Committee after the provisions had been defeated in subcommittee. Lobbying by CFA and Congress Watch were responsible for this turn-around. Finally, CFA took the lead in mobilizing opposition in the House and Senate against a proposed limit on the right of mobile home buyers to sue for violations of state usury laws.

**Indoor Air Pollution:** CFA's indoor air quality advocacy addressed the larger problem and specific pollution sources. At the beginning of the year, staff developed a 50-page program of needed federal action with an estimated budget. This was presented initially to a House Science and Technology subcommittee, later at hearings before House and Senate Appropriations subcommittees. The case for increased federal attention to this health hazard was also made to individual Congressional offices. These presentations were instrumental in persuading Senators Lautenberg and Mitchell that the Senate should act on this issue. Consequently, despite Administration opposition to continued program funding, Congress appropriated increased monies for indoor air quality research and control, and the Senate voted to establish an EPA indoor air research program.

After a CPSC staff report revealed that methylene chloride was one of the most hazardous indoor air pollutants, CFA petitioned the CPSC to ban this chemical in consumer products. This petition generated considerable press coverage. In addition, CFA staff recommended to the Massachusetts legislature a solution for minimizing the enormous losses resulting from the installation of urea formaldehyde foam insulation (UFFI).

**Product Liability:** Since federal regulatory agencies are taking little initiative to identify and prevent product hazards, it becomes increasingly important that consumers retain the ability to obtain legal redress for product-related injuries. Thus, it was essential to block pro-industry product liability legislation introduced by Senator Kasten that had been voted out of Senate Committee in 1984. To the astonishment of the Senator and many observers, skillful lobbying by Senator Hollings, CFA, Consumers Union, and Congress Watch resulted in the defeat of the Kasten bill in committee. At worst, this virtually ensures that any product liability legislation that passes the Senate will contain effective victims' compensation provisions.

**Natural Gas Deregulation:** When the Federal Energy Regulatory Commission announced its intention to restructure interstate gas pipeline transportation, CFA took the lead among consumer groups in proposing pro-consumer modifications. We registered this opposition in comments submitted to FERC and in testimony before the Senate Commerce Committee. Later in the year, FERC issued a proposed rule demonstrating some responsiveness to consumer concerns. CFA supported this rule in comments we filed. But at the same time, oil state senators introduced an amendment to block FERC's implementation of pro-consumer measures. In testimony before the Senate Energy Committee and in lobbying individual Senate offices, CFA helped persuade the Committee to disapprove of this amendment.

**Consumer Product Safety Commission Funding:** CFA lobbied extensively on the Hill for higher CPSC budget authorization and appropriations. This effort included testimony before Appropriations subcommittees in both the House and Senate. Although the House Energy and Commerce Committee authorized increased funding over three years, the inclusion of an amusement park amendment prevented it from securing the two-thirds majority necessary for passage under suspension of the rules. (The Senate passed a two-year authorization with a freeze on allowable spending.) Both houses, however, ended their annual reductions in CPSC appropriations by approving an FY 86 budget which was at the FY 85 level.

**Attack on the Tax-Exempt Status of Credit Unions:** As part of its tax bill, the Administration proposed eliminating the tax-exemption credit unions have held for decades. CFA joined with the Credit Union National Association and National Association of Federal Credit Unions to challenge this proposal, which would have undermined the nonprofit orientation of these consumer cooperatives. At a press conference, CFA and CUNA released surveys showing that credit unions charged much lower fees than commercial banks and savings and loans. These results were widely reported by the press. In a letter to House Banking Committee members and in testimony to the House Ways and Means Committee, CFA asked the House to remove the Administration's proposal from the tax bill. They agreed to do so.



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**Coal Rail Rates:** Since Congress deregulated railroads in 1981, these carriers have raised the price of coal transportation to electric utilities, which have passed on these increases to their customers. These costs have escalated by about \$1 billion annually. To restrain further hikes, CFA, APPA, and NRECA led a coalition that sought Congressional redress. At two press conferences, CFA issued five reports that were covered by the general and trade press. We also lobbied both houses of Congress; testified before the Senate Commerce, House Energy and Commerce, and House Judiciary subcommittees; and critiqued a Congressional Research Service report on railroad profitability. These efforts bore fruit when the House and Senate agreed to hold hearings on the issue.

## Strategies

CFA pursued several different strategies in advocating nearly 50 consumer issues considered by Congress and federal regulatory agencies in 1985. 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 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 to Congressional committees and regulatory agencies.

Month	Committee/Agency	Witness	Issue
March	House Science and Technology	Fox	Indoor air
	Senate Commerce	Kimmelman	Product liability
	CPSC	Fise	Product recalls
April	House Banking	Fox	Interstate banking
	FCC	Kimmelman/Cooper	Phone lifeline
	House Government Operations	Cooper	World oil outlook
	House Aging	Kimmelman	Social security
May	House Appropriations	Fox	CPSC appropriations and EPA indoor air funding
	Senate Appropriations	Fox	CPSC appropriations and EPA indoor air funding
	Senate Judiciary	Brobeck	Beer bill
June	Senate Banking	Brobeck	Consumer banking
	Senate Commerce	Kimmelman	Product liability
	CPSC	Fise	'87 priorities
	House Judiciary	Cooper	Coal rail rates
July	House Ways and Means	Fox	Credit union taxation
	Senate Commerce	Cooper	Natural gas
	FERC	Cooper	Natural gas
	CPSC	Fise	Age labelling
	House Energy and Commerce	Cooper	Conrail sale



Month	Committee/Agency	Witness	Issue
September	Senate Commerce	Kimmelman	Phones
	Senate Commerce	Fox	CPSC Chairman confirmation
	CPSC	Fise	Methylene chloride
October	House Banking	Fox	Check holds
	House Banking	Fox	Debt collection
	House Banking	Fox	Credit card rates
November	Senate Banking	Fox	Mobile home consumer rights
	Senate Energy	Cooper	Natural gas
	FERC	Cooper	Natural gas
	CPSC	Fise	Voluntary standards
	Senate Energy	Cooper	Coal rail rates
	House Foreign Affairs	Cooper	Alaskan oil
December	CPSC	Fise	Methylene chloride

## 2. Coalition and Grassroots Network Building

CFA's unique character as a federation of national, state, and local organizations provided numerous opportunities to build and maintain Washington-based coalitions and grassroots advocacy networks.

CFA took the lead in mobilizing national groups against indoor air pollution, coal rail rate hikes, and residential phone rate increases. We also co-sponsored coalitions supporting consumer banking reforms, and resisting product liability "reform" and the beer bill.

On several of these issues we called members of three CFA grassroots networks for support—state and local member groups, Consumer Product Safety Network, and indoor air quality network. Each of these networks is linked by regular CFA publications. Each also received communications urging them to support the CFA position on product liability, CPSC authorization, and indoor air quality funding.

To brief network members on pressing issues, CFA organized single-issue conferences on telephones, banking, indoor air quality, and electric utilities.

## 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 covered by the news media.

- General** *CFA's 1985 Congressional Voting Record*—A record of how Congress voted on consumer issues together with an analysis of patterns and trends.
- Phones** *Ringling Off the Wall*—An analysis of the impact of local rate hikes on phone drop-offs.  
*Divestiture: Two Years Later*—A review of rates and other consumer costs (and benefits) resulting from phone divestiture.
- Banking** *Bank Fees on Consumer Accounts*—A 15-city survey of the costs of consumer banking services which includes a comparison of increases between 1984 and 1985.  
*Credit Card Rates*—A comparison of credit card rates with other interest rates over the past five years.  
*A Critique of the Federal Reserve Board's Bank Fee Report*—An analysis of a Federal Reserve study purporting to show that higher bank fees are justified by higher costs.



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- Energy** *The Energy, Economic, and Tax Effects of Oil Import Fees*—A study demonstrating that fees are an inefficient and inequitable means of raising revenue.
- Transportation** *Staggers Rail Act Issue Papers*—Five separate studies on the railroad industry and the rates it charges for shipping coal.
- Indoor Air** *Indoor Air Pollution: A Program for Action*—A 50-page plan for research, technology transfer, and control of indoor air pollution by federal agencies.

## 4. Public Education: Press

As well as reacting to numerous stories, CFA repeatedly made news. In 1985, we generated eleven separate consumer stories that were reported by the national press. Much of this coverage resulted from 14 advocacy press releases issued by CFA and from CFA staff participation in seven press conferences.

Print coverage included more than 1,000 articles in newspapers and magazines including *Congressional Quarterly*, *National Journal*, *Time*, *Newsweek*, *The Washington Post*, *New York Times*, *Wall Street Journal*, and *USA Today*. CFA staff were interviewed on the CBS Evening News, NBC Nightly News, MacNeil-Lehrer News Hour, Today Show (twice), CBS Morning News (five times), It's Your Business, and Cable News Network (several times).

# 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 '85, the nation's largest annual consumer conference. The more than 500 persons in attendance heard speakers including Senator Howard Metzenbaum, Senator Tom Harkin, Representative Tim Wirth, Representative Charles Schumer, CPSC Chairman Terrence Scanlon, FDA Chairman Frank Young, Ralph Nader, and Rhoda Karpatkin address issues related to the theme of "Competition: Making It Work for Consumers."

During this week, representatives from CFA member groups conducted the business of the federation. Members of 17 policy subcommittees met to review past policies and recommend new ones. These recommendations were submitted to and voted on at the Annual Meeting, where Board members and CFA officers were also elected. In this period, the Board and Executive Committee also met.

To address specific issues more thoroughly, CFA also organized four issue conferences attended by member representatives. In January, 100 persons participated in a unique UN-style forum on indoor air quality issues. In May, 250 met to discuss issues affecting utilities and their residential customers. Among the speakers was House Energy and Commerce subcommittee chairman Edward J. Markey. In September, 260 attended the third annual "telephone issues in the states" conference, which was addressed by House Energy and Commerce Committee chairman John Dingell, among other speakers. Then in December, 160 advocates, regulators, and industry representatives heard Representative Barney Frank and others speak at a financial services conference focusing on consumer issues.

At the June Awards Dinner, 500 persons honored Representative James Florio, FTC Commissioner Pat Bailey, American Public Power Association Executive Director Alex Radin, and Washington consumer reporter Ellen Kingsley for distinguished service to consumers.



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## Publications

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CFA member organizations received three regular publications:

- Eight issues of CFA's newsletter, *CFAnews*, that reports consumer news and CFA advocacy in Washington.
- Six issues of the *CPSNewsletter*, a newsletter covering safety issues dealt with by federal safety agencies.
- Two issues of a new quarterly newsletter, *Indoor Air News*, that reports on the indoor air activities of advocacy groups, scientists, regulators, and business organizations.

In addition, we published the 1985 policy resolutions adopted at the Annual Meeting, and the 1984 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues.

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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. Each month, the Resource Center prepared and sent a mailing 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. We also coordinated conference calls on phones and banking, and a 15-state survey on bank fees.

CFA provided some \$20,000 in travel grants to grassroots activists to attend Consumer Assembly and three of the issue conferences. A primary purpose of these meetings was to brief advocates on pressing issues and provide them opportunities to share information and strategize with each other.

Finally, CFA staff accepted several invitations to address member groups. Presentations were made at meetings sponsored by the Credit Union National Association, American Public Power Association, National Rural Electric Cooperative Association, East River Power Cooperative, Montgomery County Consumer Affairs Office, and American Association of Retired Persons. Speeches were also given at consumer meetings in Syracuse, Richmond, Denver, Pittsburgh, Omaha, and Oklahoma City attended by representatives of CFA groups.



# Finances

1985 was the best year financially in the history of the federation. Income exceeded expenses by \$88,820. By year's end, assets totalled \$270,327, nearly one half of the organization's annual budget. Consequently, CFA was able not only to build up its reserve fund, but also to expand the staff and propose a new fund for state and local grants.

	1984	1985
Revenues	\$442,577	\$571,833
Expenses	399,302	483,013
Surplus	43,275	88,820
Total Current Assets (end of year)	\$194,445	\$270,327

## Consumer Federation of America Staff

President:	<i>Jean Ann Fox</i>
Executive Director:	<i>Stephen Brobeck</i>
Legislative Director:	<i>Gene Kimmelman</i>
Administrative Director:	<i>Erika Landberg</i>
Legislative Representative:	<i>Alan Fox</i>
Energy Director:	<i>Mark Cooper</i>
Public Affairs Director:	<i>Jack Gillis</i>
Product Safety Director:	<i>Mary Ellen Fise</i>
Product Safety Coordinator:	<i>Edith Furst</i>
Conference Manager:	<i>Sheila Meade</i>
CFAnews Editor:	<i>David R. Jones</i>
Secretary:	<i>Lydia Rivera Grogan</i>
Secretary/Researcher:	<i>Lisa Goldstein</i>
Legislative Assistant:	<i>Dina Zarin</i>
Administrative Assistant:	<i>Miguel Carpio</i>







