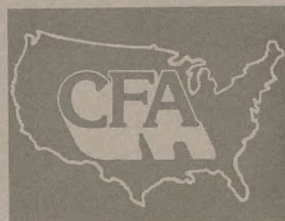
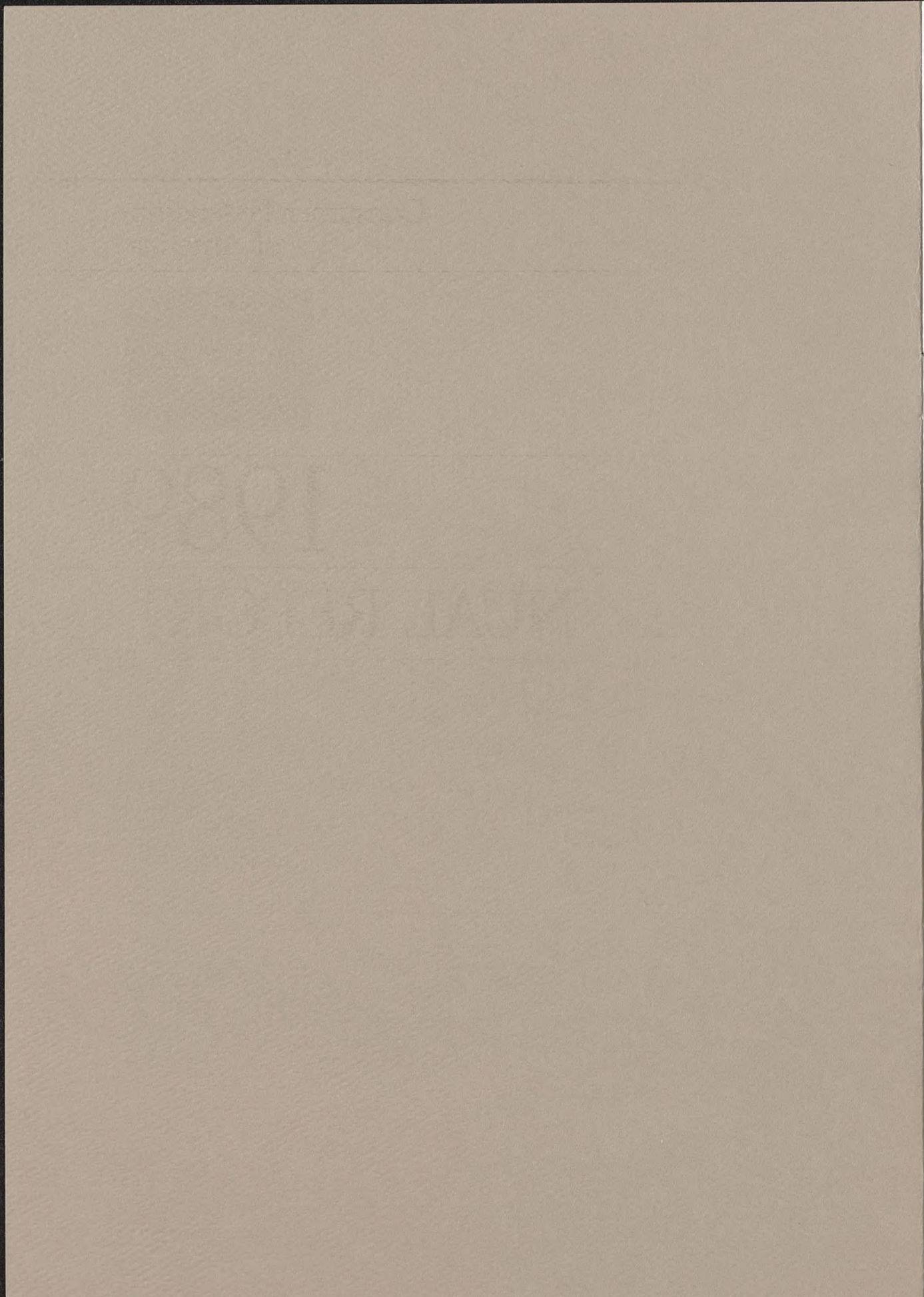

Consumer Federation
of America



1989

ANNUAL REPORT

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



Dear CFA Member:

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

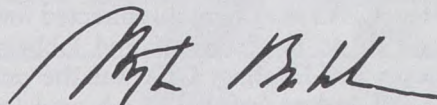
In 1989, we maintained the same high level of legislative, regulatory, and court-related advocacy as in the previous year. Staff took leadership on ten consumer issues and worked on an additional 30. An indication of their activity was the 25 Congressional testimonies, nine federal agency petitions or comments, and two court filings which they prepared.

The effectiveness of this advocacy was enhanced by expanded coalition building. The Coalition for Consumer Health and Safety, which we organized the previous year, released a broad set of reform proposals. It also helped establish a new auto safety advocacy group, Advocates for Highway and Automobile Safety, with a seven-figure budget.

There were two new initiatives in the area of consumer education. Working with the American Association of Retired Persons, we conducted a major study of the needs of low income older persons for financial services education. Working with the Educational Testing Service, we initiated and coordinated the preparation of a national consumer competency examination.

The reorganization of our administrative staff, begun last year, was completed and resulted in substantial savings. With increased income from special events and special projects, we enjoyed a record annual surplus.

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.



Stephen Brobeck
Executive Director
March 17, 1990

Advocacy

Major Accomplishments

CFA staffers took leadership on a number of issues. Most of these were considered by Congress, while others were brought to federal regulatory agencies or the states.

Savings and Loan Reform: Because thrift restructuring was the most important banking issue considered by Congress during the year, CFA made it our number one banking priority for 1989. Early on, we prepared an analysis of the distributional effects of different reform proposals and testified on the subject before two House committees. With other consumer groups, we developed consumer protection amendments to the reform legislation and took the lead in successfully lobbying for the inclusion of these protections. At the same time, we were instrumental in persuading a reluctant Congress to approve strong capital standards. After the legislation passed, we lobbied bank regulatory agencies, including Federal Reserve Board Chairman Greenspan and other regulatory heads, to approve rules that would allow the use of the property of insolvent thrifts for low income housing and to draft strong regulations for the new affordable housing programs under the Federal Home Finance Board.

Telephone Rate Restraint: CFA took the lead in opposing the massive campaign of the Bell companies to win expanded powers. At the beginning of the year, we released a well-publicized report that demonstrated how the current telephone industry structure was working satisfactorily and the regional companies were highly profitable. Throughout the year, we vigorously lobbied Congress, testifying on two occasions and arguing against expanded powers in a debate before Congressional staffers. In the summer, we filed an appellate brief on an appeal of Judge Greene's review decision and in November presented oral argument on this appeal before a federal appeals court. While the phone companies were unable to move their legislation in Congress, they did succeed in building some support for modification of the consent decree.

Consumer Product Safety Commission Reauthorization and Funding: For the first time in several years, we made progress persuading Congress to reauthorize, improve, and increase funding for the Consumer Product Safety Commission. We lobbied both the House and Senate extensively, testifying four times and speaking at a press conference with Congressional sponsors. Reauthorization legislation was approved by the Senate, though never reached the floor of the House. Even more encouraging, the agency received a budget increase.

Consumer Banking Protections: CFA continued to advocate banking protections for low income consumers and for savers. Progress was made in Congress on both. In support of basic banking bills in both houses, we testified and lobbied banking committee members. At the end of the year, the Senate committee agreed to bring the legislation to the floor of the Senate for a vote in early 1990. While a truth in savings bill was not passed by either house, support remained solid, and a bill did make it out of the House Consumer Affairs Subcommittee. CFA's work here was directed toward strengthening the House legislation, which we tried to do in testimony and lobbying.

Limits on Physician Self-Dealing: CFA was the only public interest group working on the issue of doctor self-dealing (referral of lab work/tests to labs that doctors themselves own), a contributor to the rising price of medical services. As well as lobbying both houses, we testified twice, commissioned a public opinion survey, and submitted comments to the Health Care Finance Administration. As the legislation progressed, we prepared related analyses for members of Congress. Contrary to our expectations at the beginning of the year, the legislation was added to the budget reconciliation bill and was signed into law by the President.

Cable Television Reform: As consumer dissatisfaction with cable television costs and quality of service mounted, CFA took the lead among consumer groups in calling for reregulation of this industry. Focusing initial efforts on the Senate, we testified, helped write reform legislation, and then helped recruit cosponsors. In the House, in two testimonies and lobbying

we urged leaders to introduce legislation similar to the Senate's, which occurred. In two press conferences and a meeting with city mayors, we built support for these cable reforms.

Insurance Reform: CFA's insurance activities were focused on reform of auto insurance and insurance regulation. At the beginning of the year, we commissioned a national opinion survey that revealed strong support for insurance reforms. In mid-year, together with other consumer groups, we released a comprehensive proposal for lowering auto insurance rates, which we essentially drafted. Later in the year, we persuaded Rand's Institute for Civil Justice to conduct a study of no-fault auto insurance. We also were instrumental in the organization of a new coalition, Advocates for Highway and Automobile Safety, whose main goals were accident and related loss reduction. Throughout the year, we lobbied Congress in support of repeal of the industry's antitrust exemption. We also worked with the Professional Insurance Agents and with other consumer groups to strengthen state regulation. The key activity here was developing and distributing model standards for state insurance regulation, which were widely reported and commented on.

Product Safety Reforms: Even though the Consumer Product Safety Commission had no quorum of commissioners, we put pressure on this agency throughout the year. In meetings with commissioners and in comments and petitions, we continued to advocate improvements in toy, bunk bed, ATV, and swimming pool safety. We also helped develop new initiatives to improve the safety of bicycle helmets and waterbeds. As in previous years, we testified before and lobbied the Commission on its priorities.

Product Liability: Although the threat of anti-consumer product liability legislation was not great this past year, we continued to lobby the issue and speak out in forums such as It's Your Business. But the most important activity was helping develop a set of pro-consumer civil justice reforms that, late in the year, were introduced in the Senate by Senator Biden.

Indoor Air Pollution: CFA continued to support indoor air quality legislation through testimony and lobbying. A bill was voted out of a Senate subcommittee.

Strategies

CFA pursued several strategies in advocating some 40 consumer issues considered by Congress, federal regulatory agencies, and state governments in 1989. 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, regulatory agencies, or state legislatures, and in court-related actions.

Month	Committee/Agency	CFA Rep	Issue
February	USDA	Eskin	Meat inspection
	House Ways & Means	Cooper	Doctor self-dealing
March	House Energy & Commerce	Fise	CPSC reauthorization
	House Ways & Means	Miller, Cooper	Thrift bailout reform
	Senate Commerce	Fise	CPSC reauthorization
	CPSC	Fise	Child drownings
	Senate Banking	Miller	Thrift reform
	House Banking	Miller	Thrift reform
	U.S. District Court	Kimmelman	AT&T consent decree
	House Energy & Commerce	Miller	Insurance reform

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April	Senate Judiciary	Kimmelman	Cable TV
	U.S. Appeals Court	Fise	Methylene chloride
May	U.S. District Court	Kimmelman	AT&T consent decree
	Senate Judiciary	Brobeck	Insurance reform
	House Appropriations	Fise	CPSC appropriation
	Senate Environment	Brobeck, Fise	Indoor air
	House Energy & Commerce	Brobeck, Kimmelman	Telephone deregulation
	CPSC	Fise	CPSC priorities
	CPSC	Fise	Child drownings
June	CPSC	Fise	Bicycle helmets
	Senate Appropriations	Fise	CPSC reauthorization
	Insurance commissions	Brobeck	Model standards
	Senate Banking	Miller	Low income banking
	House Energy & Commerce	Kimmelman	Cable TV
	CPSC	Fise	Bicycle helmets
	CPSC	Fise	Child drownings
July	CPSC	Fise	Waterbeds
	House Science	Katz	Indoor air
	House Judiciary	Kimmelman	Telephone deregulation
August	FCC	Kimmelman	Long distance rates
	House Energy & Commerce	Cooper	Acid rain
October	House Ways & Means	Cooper	Utility taxes
	House Banking	Miller	Low income banking
	House Banking	Miller	Thrift reform
November	Senate Commerce	Cooper	Airline competition
	House Energy & Commerce	Kimmelman	Cable TV
	Virginia legislature	Miller	Low income banking
December	House Banking	Miller	Thrift reform

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 thrift reform, consumer banking protections, and cable television reform, and to oppose Bell company expanded powers. But our most ambitious coalition and networking efforts involved consumer product safety. A coalition of some 30 consumer and insurer groups, the Coalition for Consumer Health and Safety which we organized in 1988, released a comprehensive reform agenda that was widely distributed to policymakers. Another consumer-insurer alliance, Advocates for Highway and Automobile Safety, was in part a spinoff of the health and safety coalition. Then, for the ninth year, we maintained and worked with our Consumer Product Safety Network, which is made up of some 1000 product safety advocates around the country.

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 Congressional Voting Record</i> (Miller)
Telephones	<i>Divestiture Plus Five</i> (Cooper, Kimmelman)

Thrift reform	<i>Bailing Out the Savings and Loans: Who Bears the Burden Under Alternative Financing Approaches</i> (Cooper)
Auto insurance	<i>A Comprehensive Program for Reducing Auto Insurance Rates</i> (Brobeck, other advocates) <i>National Insurance Survey</i> (Brobeck, Opinion Research Corp.)
Health & safety	<i>An Agenda for Consumer Health and Safety</i> (Eskin, Fise)

4. Public Education: Press

In addition to reacting to numerous stories, CFA frequently made news. In 1989, we generated 13 separate stories that were reported on by the national press. In addition, we worked with other groups in organizing ten press conferences, which led to additional stories. Print coverage included all major newspapers and wire services. CFA staff were interviewed on the Today Show (twice), Good Morning America, It's Your Business (twice), and cable networks such as CNN and FNN (several times).

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Consumer Education

Tele-Consumer Hotline

In 1984, CFA joined with the Telecommunications Research and Action Center, a CFA member, to establish a new information service for those confused by recent changes in phone service. This Tele-Consumer Hotline was set up as an independent organization that maintained a toll-free hotline number and mailed free fact sheets and other information on specific aspects of service. Managed by CFA and TRAC, over the past five years the Hotline has served more than 160,000 individual consumers and has reached millions more through extensive media coverage. It also offers special services to those with disabilities, including a shopping guide for the disabled.

Financial Services Education

With the American Association of Retired Persons, three CFA staffers prepared a report on the financial services education needs of low income elderly persons. Basing the study on analysis of census data as well as on several dozen interviews, we discovered that the financial needs of the poor between the ages of 50 and 65 are greater than those of the elderly. We recommended the undertaking of a project that would build financial services skills within both these populations.

Consumer Competency

Early in the year, we released a report on secondary consumer education which concluded that its condition was deplorable. This study recommended that a national consumer competency examination be conducted in order to learn if the nation's consumer skills are

as deficient as many believe. With funding from TRW, we were able to undertake this test. Working with the Educational Testing Service, we recruited several dozen experts to write and review questions. At year end, the questions had been written and ETS was preparing to administer them in early 1990.

Member Services

Conferences and Special Events

The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly '89, the nation's largest annual consumer conference. The more than 500 persons in attendance heard speakers including Senator Howard Metzenbaum, Senator Richard Bryan, Representative James Florio, Representative Jim Leach, Representative George Brown, FDA Commissioner Frank Young, U.S. Department of Energy Undersecretary Donna Fitzpatrick, Steelworkers President Lynn Williams, columnist Robert Kuttner, and dozens of others address issues related to the theme of "Preparing for the 1990s: New Federal and State Consumer Initiatives."

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

To address specific issues more thoroughly, CFA organized three issue conferences attended by member representatives. In May, 140 persons participated in a consensus-building conference on energy that was addressed by House Energy and Commerce Committee Chairman John Dingell and by a dozen energy experts. What emerged from the dialogue was a position paper outlining a national energy agenda that was sent to the Secretary of the U.S. Department of Energy. In October, 120 persons attended the sixth annual Telecommunications in the States conference, co-sponsored with the Telecommunications Research and Action Center. They heard speeches from Representative Mike Synar, Representative Al Swift, National Telecommunications and Information Administration head Janice Obuchowski, and more than 20 other speakers. In December, a record number 200 persons participated in CFA's financial services conference which featured keynote speeches by House Banking Chairman Henry Gonzalez and Representative Bruce Vento. Topics discussed at this forum included safety and soundness, low income banking needs, auto insurance reform, credit life insurance, and residential real estate sales.

At the June Awards Dinner, nearly 500 persons honored Senate Majority Leader George Mitchell, Representative Ron Dellums, political cartoonist Herblock, and the Virginia Citizens Consumer Council.

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 1989 policy resolutions adopted at the Annual Meeting and the 1988 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.

The Resource Center's state and local grants fund continued to make small grants to help state and local groups strengthen their organizations. With increased funding from Consumers Union, the Center was able to grant \$32,466 to a total of 16 grassroots organizations.

CFA also provided about \$16,000 in travel grants to grassroots activists to attend Consumer Assembly and three issue conferences. A primary purpose of these meetings was to brief advocates on pressing issues and to provide them opportunities to share information and strategies.

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Finances

1989 was an excellent year financially. From 1988 to 1989, income increased over \$120,000 while expenses fell \$33,000. The result was a surplus that increased total fund balances to \$426,958.

About \$50,000 of these funds—a pass-through grant from Consumers Union to state and local groups and funding for a national competency test—is obligated to 1990 expenses. Nevertheless, the substantial real surplus that remains improves what was already a strong financial position.

Most of the increase in income represented higher revenues from Consumer Assembly and the Awards Dinner and grants to conduct the competency exam and to undertake an evaluation of the financial education needs of the low income elderly. The decline in expenses in a period when project-related costs were rising is largely the result of skillful and relatively painless cutting of administrative expenses by Assistant Director Ann Lower.

	1988	1989
Income	\$687,811	\$817,269
Expenses	708,085	674,710
Surplus	(20,274)	142,559
Total Fund Balances (end of year)	\$284,416	\$426,958

Consumer Federation of America Staff

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Legislative Director: *Gene Kimmelman*
Assistant Director: *Ann Lower*
Research Director: *Mark Cooper*
Public Affairs Director: *Jack Gillis*
Product Safety Director: *Mary Ellen Fise*
Legislative Representative: *Peggy Miller*
Legislative Counsel: *Barbara Katz*
Product Safety Coordinator: *Edith Furst*
Conference Manager: *Sheila Meade*
CFA News Editor: *Barbara Roper*
Administrator: *Sarah Gardner*
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