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CONSUMER FEDERATION OF AMERICA

House Bill Fails To Address Energy Woes

Despite sharply increasing gasoline prices, supply disruptions triggered by Hurricanes Katrina and Rita, and rising public concern about gasoline prices, the House adopted energy legislation in October that fails to take the necessary steps either to increase oil refining capacity or to spur fuel conservation.

The bill passed on a 212-210 vote, with all the House Democrats who were present and 13 Republicans voting against it.

"Although H.R. 3893 is entitled 'The Gasoline for America's Security Act,'it would provide a lot more security for oil companies than it does for consumers," said CFA Research Director Mark Cooper.

"Any effort to bring gas prices down is not serious unless it improves the lagging fuel efficiency of our nation's passenger vehicles," he added.

Unfortunately, the House refused to consider a bipartisan amendment drafted by Rep. Sherwood Boehlert (R-NY) and Rep. Edward Markey (D-MA) that would have mandated an eight-mile-per-gallon increase in the corporate average fuel efficiency (CAFE) standard.

That change alone would reduce oil imports by almost 2.5 million barrels per day by 2020, resulting in a threefold increase in the nation's "spare" refinery capacity and a savings to consumers of approximately $70 billion, Cooper said.

Pro-Consumer Substitute Defeated

The House also voted down a substitute amendment offered by Rep. Bart Stupak (D-MI) and Rick Boucher (D-VA) that would have established a Strategic Refinery Reserve to allow for the release of refined product and empowered the Federal Trade Commission and the states to deter and punish price gouging in the sale of crude oil, gasoline, natural gas, or petroleum distillates during energy emergencies.

The amendment fell on a largely party line vote of 199-222, with two Republicans joining all House Democrats present in supporting the amendment.

Increasing refinery capacity and creating a large refinery reserve are needed to alleviate price pressures, "because the oil industry has kept the refinery sector tight by closing 50 refineries in the past 15 years and failing to build any spare capacity," Cooper said.

While the Stupak-Boucher amendment would have helped to achieve this goal, the bill as passed "misses the mark entirely," he said.

H.R. 3893 does not grant state and federal regulators specific federal legal authority to investigate and punish price gouging, but instead calls for a study of the problem.

In addition, the bill would:

- dramatically weaken the Clean Air Act to allow more than 20,000 industrial facilities, not just a handful of refineries, to emit more pollutants;
- offer a range of unnecessary and expensive incentives and subsidies to oil refiners, who are reaping record profits, instead of setting requirements that will guarantee an increase in refining capacity and oil supplies in the next few years.

"This approach would leave the decision to increase refining capacity in the hands of an industry that has deliberately taken advantage of tight supplies in recent years and has a strong financial incentive to keep these supplies extremely tight," Cooper said.

The fate of the energy legislation remains unclear.

Senate Environment and Public Works Chairman James Inhofe (R-OK) attempted to move a less sweeping bill designed to streamline the refinery application process, but Sen. Lincoln Chafee (R-RI) joined with panel Democrats to defeat it in committee.

Growing Numbers Concerned About Gas Prices, Oil Dependency

Meanwhile, even before Hurricanes Katrina and Rita disrupted supply, a growing number of Americans were very concerned about rising gasoline prices and U.S. dependency on the Middle East for oil, according to a survey commissioned by CFA and conducted just before Hurricane Katrina hit.

Nearly three-quarters (74 percent) expressed great concern about gasoline prices over the next five years. This was up from two-thirds (65 percent) who expressed this level of concern on a survey conducted in February.

The survey was released in conjunction with an economic analysis that included a conservative estimate, based on $2.25 a gallon gasoline, that households would spend an average of $1,948 this year on gasoline. That is up 45 percent from an estimated average household gasoline expense of $1,342 just three years ago.

Since the estimate was developed, gas prices in much of the country had neared or topped $3 per gallon.

Using the more conservative figure, the study estimated that households with incomes under $15,000 — about one-fifth of all households — will spend on average more than one-tenth (10.4 percent) of their income

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New Study Shows Mortgage Disparities

A new CFA study of home mortgage lending practices released in September shows large disparities between regions of the country in the use of higher interest rate subprime loans.

The study found that homeowners living in the southwestern or southeastern states are much more likely to refinance with higher interest rate subprime loans than are those who live in the Pacific or New England regions.

Similarly, Home Mortgage Disclosure Act (HMDA) data released by the Federal Reserve Board in September found that African Americans and Latinos are more likely to receive high-cost loans than whites — even when borrower and lender characteristics are taken into account.

"Consumers have every right to expect that the mortgage funds they borrow from lenders are priced fairly, based on legitimate risk factors and are not subject to opportunistic pricing that takes advantage of the lack of competition or the lack of borrower knowledge and financial sophistication," said Allen Fishbein, CFA's Director of Credit and Housing Policy.

For its study, CFA examined over 2.5 million conventional refinance mortgages reported by over 26 lenders and their 160 affiliates in 317 Metropolitan Statistical Areas (MSA), including at least one MSA in each state.

As such, the study provides the first comprehensive look at subprime lending patterns for metropolitan areas and regions across the country.

Study Offers Comprehensive Look at Regional Patterns

The following are among the report's key findings:

- The share of refinance lending that was subprime, carrying an interest rate of eight percent or higher, varied from 10.5 percent in the Pacific states to 27.4 percent in the Southwest states.
- Regional variation was even higher for the most expensive segments of the subprime lending market, for loans with interest rates generally above 10 percent. Homeowners in the Southwest were more than four times more likely to receive these highest cost subprime loans than homeowners in the Pacific states.
- Even larger subprime variation was found between metropolitan areas. In the five MSAs with the smallest share of subprime refinance lending, fewer than three percent of borrowers received subprime loans. In contrast, nearly 40 percent of refinance mortgages were subprime in the five MSAs with the largest share of subprime refinance lending.

"The variation in prevalence of high cost mortgages by geography raises concerns about whether this type of lending is priced solely on risk factors, or whether some lenders take advantage of the lack of competition in certain localities to price mortgages as high as they can," said CFA Senior Researcher Patrick Woodall.

"Variation in pricing of mortgages by geography levels may be a function of legitimate price determinants," Fishbein added. "Yet, given the size of the variation between localities and regions, banking regulators and other enforcement officials should not assume that these differences can be explained solely as a function of risk-based pricing."

Regulatory Oversight Needed

Based on the research, CFA has called on federal regulators, state attorneys general, and other enforcement officials to utilize the newly released HMDA data to monitor the subprime market and to ensure that individual lenders are fully compliant with federal and state consumer protection laws.

Unfortunately, the ability of states to provide that oversight, at least with regard to national banks, was dealt a blow in October when a federal judge issued an order blocking New York Attorney General Eliot Spitzer's investigation into residential lending practices at a group of national banks.

The federal Office of the Comptroller of the Currency has argued that it has exclusive authority to regulate nationally chartered banks. Spitzer, on the other hand, maintains that he has the authority to protect citizens of New York against discrimination by all lenders that do business in the state.

The attorney general has indicated he will appeal the ruling.

On the Web
www.consumerfed.org/pdfs/Subprimecities090805.pdf
www.consumerfed.org/pdfs/Subprimecitiesrelease090805.pdf
www.consumerfed.org/releases2.cfm?filename=mortgagedisclosurerelease091305.txt

At the Agencies

Consumer Product Safety Commission

Responding to a continued rise in the number of serious injuries caused by all-terrain vehicles (ATVs), the Consumer Product Safety Commission (CPSC) voted in October to issue an Advanced Notice of Proposed Rulemaking regarding the risks of injury and death posed by ATVs.

In doing so, the agency deferred a 2002 petition from CFA, the American Academy of Pediatrics, and seven other organizations that requested a ban on the sale of adult-size ATVs for use by children.

The vote came as the agency released its 2004 annual report on ATV-related deaths and injuries, which found rising injury and fatality rates for all riders, including children.

Major findings include:

- serious injuries requiring emergency room treatment increased almost eight percent between 2003 and 2004 to 136,100;
- the estimated number of ATV-related fatalities increased from 617 in 2002 to 740 in 2003;
- ATVs killed at least 130 children under the age of 16 in 2004, accounting for 28 percent of fatalities;
- children under 16 suffered 44,700 serious injuries in 2004, an increase of almost 16 percent from 2003, accounting for 33 percent of all serious injuries.

"The profound increase in injuries and deaths caused by ATVs show how pervasive this national epidemic has become," said CFA Assistant General Counsel Rachel Weintraub.

"This tragic problem is in need of an aggressive and immediate solution by CPSC and state governments," she added. "We are cautiously optimistic that the ANPR, which includes the substance of our petition as a possible solution, will begin a serious effort to curb the rising tide of injuries and deaths."

* * *

Food and Drug Administration

The Food and Drug Administration (FDA) issued a proposed rule in October to prohibit the use of certain high-risk materials in animal feed that fails to go far enough to prevent organisms that cause "mad cow" disease from passing into the human food supply.

"The FDA once again gave into cattle and feed industry pressure and failed to ban both poultry litter and plate waste from animal feed," said Carol Tucker Foreman, Director of CFA's Food Policy Institute.

"The new rule is less protective than the one proposed by FDA in 2002, less protective than the one promised by Secretary Thompson and former FDA Commissioner McClellan in January 2004, less protective than the feed rule implemented in Canada, and even less protective than the definition of risky materials as implemented by USDA," she added.

"The Bush administration has determined that it is too burdensome on feed mills and renderers to take the steps that will give Americans the protections the government once said were important," she said.

* * *

Securities and Exchange Commission

CFA and Fund Democracy wrote to new Securities and Exchange Commission Chairman Christopher Cox in September urging a major overhaul of the agency's approach to regulation of financial professionals.

Among the specific steps the groups urged the commission to take to accomplish that goal:

- developing a new definition of brokers' "solely incidental to" exemption from the Investment Advisers Act that is consistent with the plain meaning of the statutory language and ensures that investment planning services offered by brokers are appropriately regulated as advisory services;
- recruiting an outside expert, rather than the agency staff, to conduct the promised study of further regulatory and legislative initiatives to eliminate investor confusion and address the blurring of lines between brokers and investment advisers;
- improving pre-engagement disclosures provided by financial professionals to assist investors in making better informed selections when deciding whom to rely on for financial advice; and
- strengthening the interpretation and enforcement of advisers' fiduciary duty to include an express obligation to consider costs when determining what investment products are in their clients' best interests.

"Chairman Cox said in his first speech to agency staff that he is committed to ensuring that the SEC acts as the advocate for average investors," said CFA Director of Investor Protection Barbara Roper. "Nothing would more clearly demonstrate that commitment than adopting reform of financial professional regulation as a priority of his chairmanship."

Military Payday Lending Provision Weakened

With other members of the Senate putting up roadblocks to prevent its passage, Sen. Elizabeth Dole (R-NC) agreed to greatly water down her amendment to the defense authorization bill to rein in marketing of abusive payday loans to members of the armed services.

"Military consumers need protection against predatory lenders that circle bases, entrapping them in 300 percent and higher loans," said CFA's Director of Consumer Protection Jean Ann Fox. "Payday and car title loans threaten key assets, including bank accounts and transportation, and trap borrowers in perpetual debt."

Consumer groups had enthusiastically endorsed the original Dole amendment, which would have capped interest rates for loans to service members and their families at 36 percent APR.

After payday lenders held a Hill rally opposing the amendment, however, the Senate Banking, Armed Services, and Judiciary Committees all raised jurisdictional challenges to the amendment.

In response, Sen. Dole offered an alternative amendment that lifted language from the House-passed bill, calling for a Department of Defense study of predatory lending, but imposing no rate cap and providing no private right of action.

When consumer groups raised concerns about that amendment — arguing that it could reduce existing rights for members of the military and facilitate predatory lending rather than reduce it — Sen. Dole went back to the drawing board.

She came up with an alternative that, while weaker than the original amendment, was acceptable to consumer groups. It would require that a study be conducted by the Department of Defense, with outside consumer groups, the Federal Deposit Insurance Corporation, and military charities to be consulted.

That amendment was expected to be included in the manager's amendment headed for the Senate floor in November. Passage is still far from certain, however, because of an unrelated controversy over a provision to ban torture of American-held prisoners.

"Sen. Dole's study amendment is an important first step toward providing comprehensive protection against abusive credit costs and terms for loans to military consumers," Fox said.

Energy Woes

Continued from Page 1

this year just on gasoline. Given that fact, it is hardly surprising that well over four-fifths (84 percent) of households with incomes below $25,000 are now highly concerned about the future of gasoline prices.

Rural households will spend an average of $2,087 this year on gasoline, compared with $1,705 for those in urban areas, according to CFA's analysis. They also express greater concern about rising gas prices, with 82 percent of Americans living outside urban areas expressing great concern on the CFA survey.

"Those with modest incomes living in rural areas are being hit especially hard by rising gasoline prices," noted CFA Executive Director Stephen Brobeck. "They must drive the longest distances, cannot turn to mass transit, and cannot afford to move into more expensive urban areas."

Well over half (56 percent) of survey respondents expressed great concern about U.S. dependency on Middle Eastern oil over the next five years. That was up from 50 percent in February.

Among those with incomes under $35,000, more than three-fifths (62 percent) are highly concerned about this dependency.

"Public concern about our dependence on oil imports is well founded," Cooper said.

"Our reliance on these imports continues to grow — from 60 percent today to more than 75 percent by 2024, according to recent U.S. Energy Information Administration estimates," he added. "Any cut-off from many increasingly unreliable foreign sources would dramatically hike oil prices."

On the Web

www.consumerfed.org/pdfs/GasPricesRelease_90105.pdf
www.consumerfed.org/pdfs/CFA_REPORT_The_Impact_of_Rising_Prices_on_Household%20Gasoline_Expenditures.pdf
www.consumerfed.org/pdfs/CAFE_letter_1005.pdf
www.consumerfed.org/pdfs/gas_prices_letter_1005.pdf

Flood Insurance Reform

Continued from Page 3

request a GAO study of the efficiency of the WYO program compared with that of competitively bid contractor programs; proposed that WYO companies compete with each other by allowing the servicing cost to float, rather than setting one high percentage that allows efficient insurers to make a windfall profit servicing the program; and urged the committee to ensure GAO audits of wind/flood allocations by the WYO insurance companies to protect against abuses related to their conflict of interest.

In addition, a team of expert agencies should review mapping of flood risks to assure that the maps are accurate and that the most scientifically advanced methods are being used, he said.

"It is vital to the nation that the National Flood Insurance Program work efficiently and comprehensively to protect as many Americans as possible against floods that occur in the future," Hunter concluded. "There are serious questions about how the program is working today that cry out for study and resolution."

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Hurricane Exposes Bankruptcy Law Harms

When Hurricane Katrina devastated the Gulf Coast in September, destroying the homes and livelihoods of tens of thousands of residents, it also exposed harsh and unfair provisions of the new bankruptcy law that went into effect in mid-October.

In response, CFA and the National Association of Consumer Bankruptcy Attorneys (NACBA) called on Congress to delay the law for at least one year for people whose lives, finances, or businesses were directly affected by the hurricane and to permanently waive the bill's harshest provisions for these individuals.

Absent such emergency relief, thousands of victims of a particularly devastating hurricane season are likely to face "a cruel second blow when they try to take steps to put their lives and finances back together," said CFA Legislative Director Travis Plunkett.

"Bankruptcy is an important safety net that families hit by unforeseen circumstances depend upon," he said. "The federal government should be bending over backwards to help victims of recent hurricanes get back on their feet, not throwing up new barriers to bankruptcy."

Most Harmful Provisions Detailed

According to CFA and NACBA, the following provisions of the new law will be particular hard on hurricane victims:

- the six-month look-back period for income, the unrealistic expense guidelines, which fail for example to include expenses for lengthy hotel stays, and other provisions of the means test;
- the extensive new paperwork requirements, coupled with strict deadlines for production upon penalty of automatic dismissal, which will be virtually impossible for people whose homes have been destroyed to meet; and
- the new ability granted landlords to evict tenants in bankruptcy, threatening those who have already been forced to relocate with the possibility of homelessness a second time.

They also questioned the need for credit counseling for people "driven to financial ruin by a natural disaster," not some failure on their part to manage credit responsibly.

Although bills to delay or waive harmful provisions were introduced in both houses of Congress, the administration and Republican congressional leaders made it clear that were not willing to reopen the hard-won legislation.

However, the Department of Justice (DOJ) did agree to waive the credit counseling requirement for those filing for bankruptcy in Southern Mississippi and Louisiana. It also instructed DOJ staff involved in bankruptcy proceedings to show restraint regarding means test and paperwork requirements facing hurricane victims.

"We appreciate the DOJ's attempts to help ease the terms of a harsh law for hurricane victims," Plunkett said. "The problem is that the DOJ doesn't have the authority to delay the entire law for these victims. And it can't control the behavior of creditors, who can still file motions to enforce some of the most harmful provisions of the new law against those affected by hurricanes."

In the months leading up to the law's taking effect, CFA continued to work on issues related to its implementation.

This summer, Plunkett testified on behalf of CFA, National Consumer Law Center (NCLC), and U.S. Public Interest Research Group before a House Judiciary subcommittee on two issues related to the new law's implementation — its credit counseling provisions and privacy concerns related to required disclosure of tax returns in the bankruptcy process. In addition, CFA and NCLC submitted comments to the Executive Office of the U.S. Trustee (EOUST) on credit counseling issues.

Credit Counseling Provisions Must Be Monitored

"Our organizations strongly support credit counseling, if it is properly administered by a legitimate nonprofit agency that offers a range of services," Plunkett told the subcommittee.

He noted, however, that the credit counseling industry has been plagued by serious abuses.

"Given the ongoing problems in the credit counseling industry, this is a very dangerous time to be requiring over a million new consumers to see credit counselors," he said. "Unless the law is implemented rigorously, Congress could be creating a situation in which it has forced consumers into the hands of unscrupulous agencies."

Plunkett raised questions about the EOUST's ability to implement the requirement in a way that: both meets capacity requirements and maintains high credit counseling standards; ensures that services are affordable and that fee waivers are available; and ensures that agencies and creditors offer meaningful concessions to consumers who attempt to pay off their debts through a debt management plan. CFA and NCLC raised many of these same concerns in their comment letter to the EOUST.

On the issue of privacy concerns regarding disclosure of tax returns, Plunkett said the Administrative Office of the U.S. Courts needs to restrict the disclosure of tax filings to creditors and limit their use of this information.

"Creditors should only be allowed access to tax returns in limited circumstances when they can show that there is a specific need for the creditor, as opposed to the Trustee, to have access to the information," he said.

"The reason that creditor access to tax filing has to be controlled so closely is that the information is exceedingly sensitive," he added. "Much of what is provided on tax filings is not relevant to a bankruptcy proceeding, and this information could easily be misused or abused on a broad scale that causes substantial harm to debtors."

In late September, the Administrative Office of the U.S. Courts issued Interim Guidance regarding the use of tax information that included virtually all of the restrictions CFA recommended.

On the Web
www.consumerfed.org/pdfs/LawKatrinaDelaysRelease_090705.pdf
www.consumerfed.org/pdfs/Bankruptcy_implem_testimony_072605.pdf

Hurricanes Reveal Need for Flood Insurance Reform

In the wake of recent hurricanes, insurers have predictably attempted to use the massive resulting losses to reopen the debate over renewal of the Terrorism Risk Insurance Act (TRIA).

In reality, however, these events do nothing to change the issues surrounding the terrorism insurance debate and have instead highlighted the need to reform the nation's flood insurance program, said CFA's Director of Insurance J. Robert Hunter.

"The fact that property/casualty insurers are on track to post profits that are virtually unprecedented despite the nation's largest natural disaster shows the fundamental strength of the industry," Hunter said.

This reinforces the point CFA has made repeatedly during the debate over TRIA, that this highly profitable industry does not need the taxpayer subsidy that TRIA provides.

Instead, regulators and policymakers should be looking to protect consumers from abusive practices that stem from conflicts of interest at the heart of how losses are covered when both wind and flood damage are present, he said.

Hunter has been pressing that message in letters to regulators and in October testimony before the Senate Banking Committee.

Conflicts Threaten Consumers

While insurers pay wind claims themselves, flood claims are either not insured or are covered through the federal flood insurance program.

"Insurers have a clear financial incentive to avoid paying legitimate claims by contending that the losses are flood related," Hunter said. "Unless insurance commissioners carefully monitor the way that insurance companies are adjusting claims, this conflict of interest could leave homeowners high and dry and force taxpayers to pay too much."

CFA and Consumers Union wrote to insurance commissioners in Alabama, Louisiana, Mississippi, and Texas to urge them to provide that careful monitoring and to put systems in place to assure prompt and fair claims handling.

"Given the scale of the losses from the storms, if insurance companies devote insufficient resources to claims handling, delays or unfair denials of claims may result and carry harsh consequences for families, rebuilding efforts, and economic recovery in general," Hunter said.

Hunter also wrote to the Federal Insurance Administrator within FEMA urging the agency to take steps both to ensure prompt payment of claims and to prevent abuses where there is both wind and flood damage.

Specifically, Hunter urged the administrator: 1) to instruct major insurers not to hold up payments during the period during which allocation of the losses between wind and flood damage is being made; 2) to inform them that all allocations where there is both wind and flood damage will be carefully audited; and 3) to require separate adjusters to assess wind and flood losses where both are present.

Hunter warned, however, against the approach taken in legislation introduced in September by Rep. Gene Taylor (D-MS), which would allow homeowners without flood insurance who were affected by Hurricanes Katrina and Rita to purchase it after-the-fact.

"This legislation is certainly well intended, but it ... will undermine the flood insurance program, harm taxpayers, bail out mortgage lenders who should have required homeowners to purchase flood insurance, and encourage insurers not to pay for damages that they should cover," he said.

Long-term Reform Strategy Outlined

In his Senate testimony, Hunter laid out a more comprehensive, long-term strategy for reforming the program.

A first step, he said, should be to lower the flood insurance subsidies that are provided to at-risk buildings in participating communities, but in a way that avoids "adversely impacting truly low- and moderate-income individuals."

He also called on Congress to "explore a long-term program to shift flood insurance back into the private sector, where political pressures to bring rates below the actuarial level will not be present."

Should Congress decide to maintain the program as a federal program, it should consider eliminating the Write Your Own (WYO) program, which allows private insurers to write and service federal flood insurance policies.

That program appears to be very expensive and has not accomplished what insurers said it would — increased market penetration of flood insurance, he said. "It results in wind/water claims adjustment conflicts of interest that could be avoided by using competitively bid contractors," he added.

He urged the Senate Banking Committee to

(Continued on Page 2)

On the Web
www.consumerfed.org/pdfs/Flood_Insurance_Senate_oversight_testimony_101805.pdf
www.consumerfed.org/pdfs/Insurer_Profits_Release_101405.pdf
www.consumerfed.org/pdfs/Flood_Insurance_Bill_Statement092705.pdf
www.consumerfed.org/pdfs/Katrina_Commissioners_Release092205.pdf

Johanns, Crawford Address Food Conference

In keynote speeches at CFA's National Food Policy Conference, Agriculture Secretary Mike Johanns made the case for ending "trade-distorting" agricultural subsidies, while then Food and Drug Administration Commissioner Lester Crawford highlighted FDA initiatives to provide consumers with tools that enable them to adopt more nutritious and healthy diets.

The September conference brought together leading food safety and nutrition experts, government officials, food industry leaders, and consumer advocates to discuss and debate the top food issues of the day.

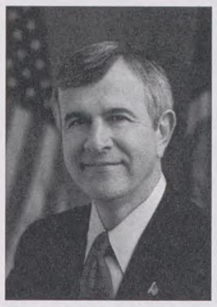
It also featured speeches by Robert E. Brackett, Director of the FDA's Center for Food Safety and Applied Nutrition, and Charles F. Conner, Deputy Secretary of the USDA.

In his speech, Secretary Johanns emphasized the importance of achieving trade liberalization in the World Trade Organization's Doha negotiations.

Ending agricultural subsidies will serve to "level the playing field" for impoverished nations trying to compete in the global marketplace, he said.

"This administration is absolutely committed to significant reform," he added. "We have a once-in-a-generation opportunity to advance trade liberalization."

Johanns also discussed issues related to hunger and obesity, as well as the agriculture department's role in aiding the victims of Hurricane Katrina.


Agriculture Secretary Mike Johanns


Former FDA Commissioner Lester Crawford

Hunger and Obesity Coexist

While the United States is a land of unbelievable material abundance, poverty and hunger remain pressing concerns here at home, Johanns said.

Noting that one in five Americans will receive some kind of USDA nutrition assistance this year, the Secretary enumerated the many agency programs, including WIC, food stamps, and school meals, that help provide low-income consumers and children with nutritious foods.

But, Johanns added, "hunger and obesity coexist," and the federal government has a responsibility to address both.

Two-thirds of all adults are overweight, putting them at higher risk for a whole range of health problems, Johanns noted. He also cited an alarming increase in obesity and overweight among young people.

As part of its response to that problem, the USDA and Department of Health and Human Services released an updated version of the Dietary Guidelines in January.

The new guidelines feature a revised food guide pyramid encouraging exercise that will serve as a blueprint for future USDA educational programs, he said.

In one of his last public appearances before his sudden resignation, FDA Commissioner Crawford also discussed the government's role in combating obesity.

"A better informed public — aided by science-based health information — would be able to choose foods that are more nutritious, potentially addressing such urgent public health problems as the rise in obesity and overweight," he said.

Food Label Changes Considered

Crawford noted that the FDA is considering changes in the food label regarding serving size and calories, and the Center for Food Safety and Applied Nutrition (CFSAN) is in the process of evaluating petitions concerning the definition of net carbohydrates and use of the terms "reduced" or "low" in relation to carbohydrate content.

The deadline for implementation of the mandatory listing of trans fat on the food label is also rapidly approaching, he noted.

This regulation will give consumers the information they need to select foods with lower trans fat levels, Crawford said, and as a result has the potential to prompt product reformulation.

Turning to the issue of bovine spongiform encephalopathy, or mad cow disease, Crawford announced that the agency's Center for Veterinary Medicine was in the final stages of preparing amendments to the BSE feed rule, which he said would be "quite a bit stronger" than initially planned.

In the wake of the first domestic case of mad cow disease, the FDA elected to tighten the rule so that it would mirror Canada's feed regulations, he added. (See related article, page 2.)

With respect to the use of cloned animals for human food, Crawford noted that until the agency's risk assessment is complete and publicly available, the voluntary moratorium on release of these products into the food supply remains in effect.

While the FDA's risk assessment only addresses the safety of food from animal clones and the risks to the cloned animals, "we are well aware that there are many social and ethical issues related to the cloning of animals," Crawford said.

He added that the FDA intends to publish a paper summarizing the risk assessment findings in a peer-reviewed scientific journal in order to broaden access for the scientific community and the public.

Credit Score Knowledge, Access Improves But Still Lacking

Consumer understanding of and access to credit scores improved over the past year but is still insufficient, according to the second annual credit score survey released in September by CFA and Providian Financial.

"In the past year, consumer understanding of these scores has improved, in part because many consumers have obtained their scores," said CFA Executive Director Stephen Brobeck. "Unfortunately, most consumers still do not know basic facts about credit scores and their financial significance."

Now that a wide range of businesses, not just creditors, use credit scores in product pricing and availability, the costs of low scores, and the savings from high scores, can be considerable. "If consumers were to raise their credit scores by only 30 points, on average, they would save $16 billion through lower credit card finance charges alone," said J. Christopher Lewis, Providian's Chief Public Policy Officer.

The number of consumers who have obtained their credit scores in the past year rose from 24 percent in 2004 to 31 percent in 2005, according to the survey. This contributed to an increase in consumer knowledge about scores. For example, the proportion of consumers who understand that making payments on time influences credit scores rose from 87 percent in 2004 to 93 percent in 2005. Similarly, the proportion who know that maxing out a credit card influences scores increased from 66 percent to 77 percent. The proportion who understand that various lenders and other service providers use credit scores to price and make products available also increased.

However, most consumers still lack essential knowledge about credit scores. Most importantly, more than three-quarters of consumers (76 percent) mistakenly believe that they have the right to obtain their credit score for free once a year. In addition, only 27 percent understand that scores measure credit risk, and less than half (47 percent) understand that individuals have more than one score.

To help consumers better understand credit scores, CFA and Providian are making available a web-based quiz, "Do You Know the Score on Credit Scores?," at www.consumerfed.org/score. It tests the credit score knowledge of consumers, providing key facts whenever incorrect answers are entered.

On the Web
www.consumerfed.org/pdfs/Providian_Press_Release_9_05.pdf

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