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Local Phone Rates Keep Rising, CFA Finds

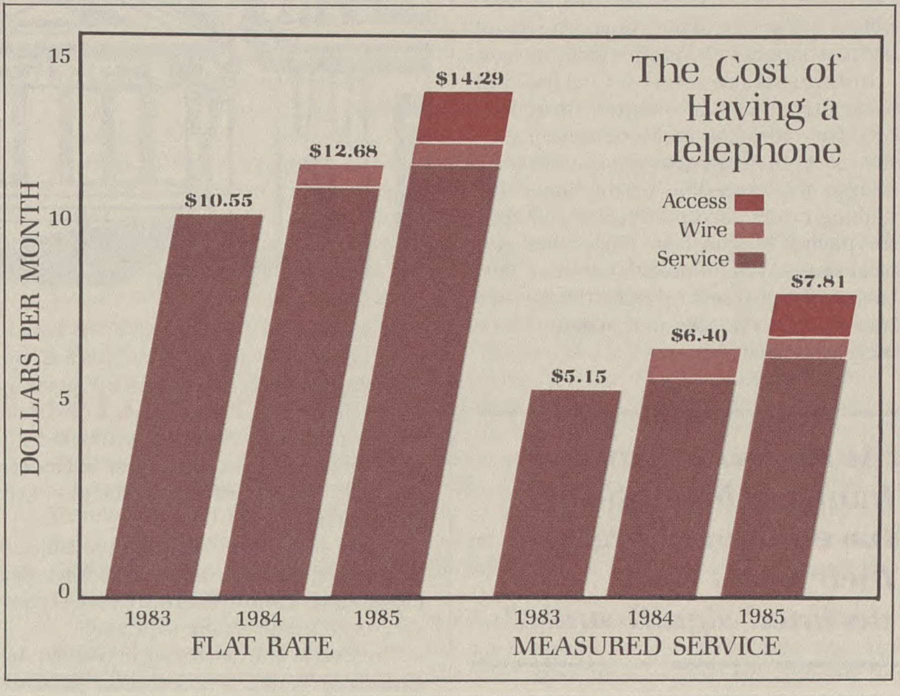
The average consumer must now pay between 35 and 52 percent more to get the same local phone service available on December 31, 1983, just prior to the breakup of AT&T, a new CFA report shows. "Divestiture: Two Years Later" documents the growing burden on consumers of skyrocketing local phone rates.

"Where are the promised benefits from the Bell breakup?" asked CFA's Legislative Director Gene Kimmelman. "Consumers are paying more and getting less for their phone-service dollar since divestiture," he charged.

"Local phone companies are earning tremendous profits from local rate increases," Kimmelman noted. "Regulators have helped the phone companies outperform all other industries by shifting costs from highly profitable computer and long-distance business into local rates," Kimmelman added.

The CFA report includes residential flat and measured rates in urban and rural areas from all 50 states. The major findings of the report are that:

- Since January 1, 1984, local phone companies asked for $11.7 billion in new revenue from state regulatory commissions. As of September 30, 1985 state regulators granted $4.7 billion of $9.0 billion requested—about 52 percent.
- If state regulators grant 52 percent of the pending $2.7 billion in rate requests, local phone companies will receive $1.4 billion to add to the $4.7 billion already granted—a grand total of $6.1 billion in post-divestiture revenue increases.
- The average cost of flat rate, unlimited-use residential service rose from $10.55 per month at the end of 1983 to $14.29 per month at the end of November 1985. Over the same period, the average cost of the cheapest measured-rate residential service rose from $5.15 per month to $7.81 per month—an increase of $2.66 per month, or 52 percent.
- Long distance rates declined approximately 10 percent since the breakup. But for the 75 percent of consumers who make few long distance calls each month, the 10 percent long distance rate reductions do not come close to offsetting the 35 to 52 percent local rate hikes.
- The historical trend of an expanding telephone network has ended, as the percentage of households with a phone rose from 78 pecent in 1960 to almost 93 percent in 1980 and has since stagnated in the 91 to 92 percent range. Had local rates not outpaced inflation since the Bell breakup, over two million more households would be able to afford phone service today.
- Local phone companies' earnings have far exceeded those of other industries and utilities since January 1984—including profit margins, return on equity, sales growth and earnings per share of stock.



The CFA report charges that phone company pressure for dramatic local rate increases, coupled with regulatory mismanagement, threaten the affordability of basic phone service. "Congress must step in to make the benefits of competition available to all consumers," said CFA's Mark Cooper, co-author of the report. "Without renewed efforts to distribute the benefits and costs of the Bell breakup equitably, the average consumer will remain a net loser in the post-divestiture era," Cooper concluded.

Industry Derails Safety Commission Bill

The amusement park industry has single-handedly stalled congressional action on a bill authorizing the Consumer Product Safety Commission (CPSC).

The compromise bill, H.R. 3456 (see *CFAnews*, November 1985), was endorsed by consumer organizations, including CFA, and by key industry groups, including the U.S. Chamber of Commerce and the National Association of Manufacturers. It was reported out of the House Energy and Commerce Committee by a 22-2 vote. But when the full House voted on November 19 under special procedures requiring a two-thirds vote, H.R. 3456 fell ten votes short, 264-146.

The controversy preventing passage of the bill grew out of its limited restoration of CPSC authority over fixed-site amusement park rides. In 1981, in a little-noticed section of the Omnibus Budget Reconciliation Act written by then-Office of Management and Budget Director David Stockman, the CPSC's authority over such rides was withdrawn. H.R. 3456 restored the CPSC's authority only in states without their own inspection programs, unless an accident occurs in which a product defect causes death or serious injury. Ride operators in states without programs would be required to report to the CPSC only when such accidents occur.

Reps. William Dannemeyer (R-CA) and Henry J. Hyde (R-IL) led the opposition to the bill, arguing against even this limited restoration of authority. Rep. Hyde has sponsored a bill establishing a study commission to look at amusement park safety and regulation, and a similar provision was included in the Senate-passed version of the reauthorization bill by a narrow 52-41 vote over stronger provisions. The special procedures used by the House precluded Rep. Hyde from offering his proposal as an amendment.

The key votes on passage of H.R. 3456 came from 34 House members who voted for an even stronger amusement park safety bill just one month before the 1984 election, yet voted against the compromise bill with its milder provisions this year.

On October 2, 1984, with elections a month away, the House voted 300-119 to pass H.R. 5790, which dealt solely with restoration of CPSC authority over amusement park rides. The bill died when the Senate failed to act.

Shortly after the vote, CFA Legislative Representative Alan Fox urged voters to ask these members of Congress why they switched their votes.

"There is no excuse for this switch," Fox said. "These members of Congress must explain to voters why their constituents' safety is only important during election years."

The 34 House members, identified in a CFA news release, are: Beryl Anthony (D-AR); William H. Boner (D-TN); Beverly B. Byron (D-MD); William Carney (R-NY); Dan Coats (R-IN); Michael DeWine (R-OH); Mickey Edwards (R-OK); Glenn English (D-OK); Bobbi Fiedler (R-CA); Hamilton Fish (R-NY); Joseph M. Gaydos (D-PA); John Hiler (R-IN); Henry J. Hyde (R-IL); James M. Jeffords (R-VT); John R. Kasich (R-OH); Robert J. Lagomarsino (R-CA); Marilyn Lloyd (D-TN); Frank McCloskey (D-IN); Guy V. Molinari (R-NY); Austin J. Murphy (D-PA); John P. Murtha (D-PA); Bill Nichols (D-AL); E. Clay Shaw (R-FL); Bud Shuster (R-PA); F. James Sensenbrenner (R-WI); Ike Skelton (D-MO); Virginia Smith (R-NE); Gene Snyder (R-KY); Arlan Stangeland (R-MN); G. William Whitehurst (R-VA); Bob Whittaker (R-KS); Jamie L. Whitten (D-MS); Chalmers P. Wylie (R-OH); and Ed Zschau (R-CA).

The House is expected to reconsider the bill soon after it returns from its recess on January 20. At that time, only a majority vote will be required for passage, but amendments such as the one proposed by Rep. Hyde will be in order and could be adopted.

ACTION POINT!

Please write your representative and ask him or her to oppose any changes in H.R. 3456 and to vote for passage of the bill unamended. Point out that the bill is a compromise supported by nearly all major consumer and business organizations. Specifically, urge retention of the bill's compromise amusement park safety language. Constituents of the members listed above should be particularly sure to contact their representatives.

Are Credit Card Rates Too High?

by Stephen Brobeck, CFA Executive Director

(This article is an edited version of a longer essay published by Scripps-Howard.)

Most banks are charging prices far above actual costs on their credit cards. Consequently, cardholders are paying record charges while banking institutions earn record profits.

Banks levy three types of credit card charges. They charge retailers fees ranging from one to five percent of credit card purchases. These fees total several billion dollars annually. Most are passed on to shoppers through higher prices.

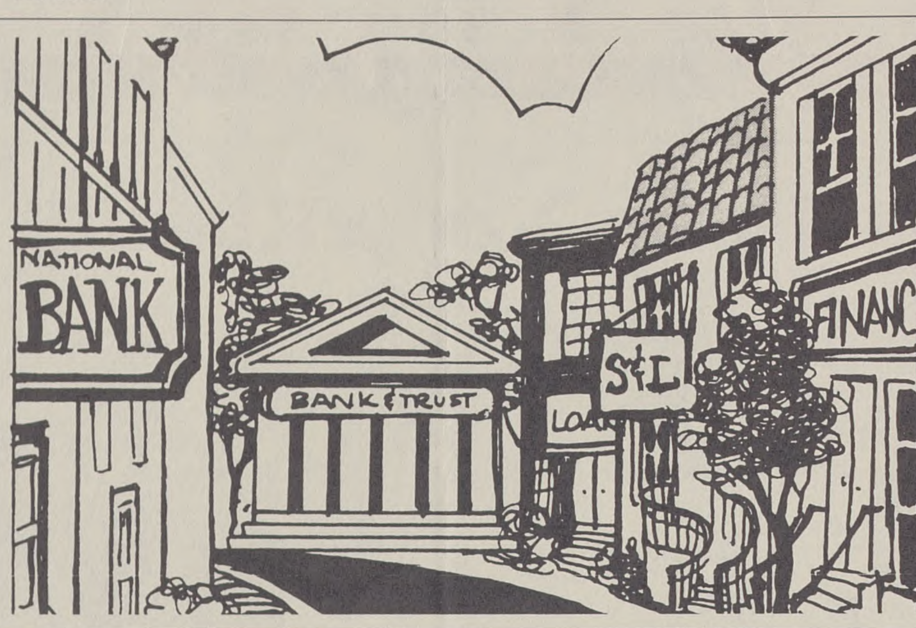
Institutions also assess annual fees and a variety of special charges. Most levy fees for failing to make minimum payments. A small but growing number also charge for exceeding credit limits, for making credit card purchases, and even for paying bills in full. These fees also total several billion dollars per year. Further, in the past several years the average non-interest charges per account have increased sharply.

"At the same time banking institutions have hiked charges, their costs have declined significantly."

Finally, credit card issuers charge interest on unpaid balances. Recently these interest charges have risen dramatically: from 1982 to 1985, they more than doubled.

There are several reasons for this increase. Most important, the use of credit cards has escalated. Between mid-1982 and mid-1985, revolving credit at banks rose from $32 billion to $66 billion.

In the same period, while virtually all other interest rates dropped considerably, credit card rates remained unchanged. In fact, in May 1985 these rates were higher than in 1981, when most other loan rates peaked.



Cullen Clark/Urban Institute

In addition, a rising number of banks have been reducing the "float period" by charging interest from the date of posting when balances are carried over from month to month. Since an estimated 70 percent of accounts carry over balances, the additional interest charges are substantial.

At the same time banking institutions have hiked charges, their costs have declined significantly. There are three types of credit card-related expenses.

The first is administering accounts. An American Bankers Association publication reports that these administrative expenses are lower for a credit card purchase than for a small installment loan. Moreover, they should be decreasing as new equipment raises productivity and as the growth of credit purchases permits economies of scale. At any well-managed institution, they should not exceed two to three percent of outstanding balances.

The second cost is bad debt losses. These can be reduced to practically nothing by restricting the issuing of cards to good credit risks. Any bank with bad debt losses exceeding one percent is either marketing credit cards indiscriminately or has consciously chosen to accept rising debt losses for increased business. In either case, the average cardholder should not be forced to pay these losses.

The third bank expense is the cost of borrowing funds, much of which is lent by the Federal Reserve and by consumer depositors. Today the rate charged by the Fed is around 7.5 percent, while that paid consumers on liquid deposits ranges from zero on regular checking to about 7.5 percent on money market deposit accounts.

In the past several years, both rates have declined. From 1981 to August 1985, the Fed's discount rate fell from a high of 14.0 percent to 7.5 percent. Although a rising proportion of consumer deposits have earned interest, most of these rates have declined recently.

In brief, credit card charges have risen while related expenses have plummeted. The result has been record profits for banking institutions issuing these cards.

Banks freely admit that their credit card accounts are lucrative. As one commented recently to *Time* magazine, bankers "are growing fat on interest income, and until competitive pressures force a cut, they are not going to give up the golden egg."

But bankers also attempt to justify high rates by arguing that credit cards were not profitable several years ago. This defense is unsupportable. Well-managed institutions have always made money on credit card accounts. Even in early 1981, average bank card rates exceeded 17 percent, while the cost of borrowed funds from consumer depositors was under 7 percent. The few institutions that could not earn acceptable profits cancelled old cards and stopped issuing new ones.

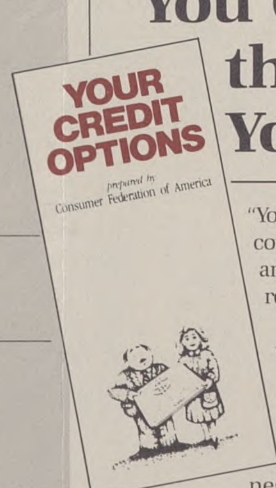
Whether credit card rates are too high, however, depends partly on whether cardholders are freely choosing to pay high rates and other charges. The answer to this question is not clear.

"But consumers should not wait for legislative relief, which may never come. Instead, they should try to avoid interest charges by paying balances in full."

Many cardholders who know banking institutions are assessing substantial charges do not believe they have a choice. They correctly perceive that major banks in an area rarely charge rates differing by more than two percentage points. They recognize that shifting cards involves considerable time and expense. And many believe, often incorrectly, that they were fortunate to be issued cards in the first place.

For these and related reasons, Congress has begun considering legislation to limit credit card rates and require fuller disclosure of all charges. But consumers should not wait for legislative relief, which may never come. Instead, they should try to avoid interest charges by paying balances in full. If they are unable to do so, they should shop for a card with a lower rate. Both actions will force banks to lower credit card charges.

Make Sure You Get All the Credit You're Due



"Your Credit Options" is every consumer's guide to the wide array of credit options currently available.

The pamphlet addresses the most commonly-asked questions about credit including: Should I borrow? What kind of loan should I seek? How should I negotiate the loan? What credit protections are available? And what happens if I cannot repay the loan? A variety of credit situations and potential problems are examined, with helpful advice on how to proceed.

CFAnews

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YEAR IN REVIEW

Congress, Agencies Make Progress on Consumer Issues

The beginning of the year is a good time to assess the recent performances of Congress and federal regulatory agencies from a consumer perspective. Within the month, CFA will release its annual Congressional Voting Record, which rates the voting of individual senators and representatives. To gain the larger picture, we must evaluate overall congressional and regulatory gains and losses on specific consumer issues.

Perhaps the single most heartening congressional action was House passage of a tax reform bill—which, fortunately, did not include revoking the tax-exempt status of large credit unions, as proposed by the Reagan administration. As noted in the article on page four, the legislation would particularly benefit low- and middle-income families by lowering their rates. Reductions would be achieved by establishing minimum tax rates and restricting loopholes.

Although President Reagan promised House Republicans that he would veto the legislation if the Senate failed to modify several provisions, the administration's proposed changes would not significantly alter the bill. Moreover, Senate leaders have predicted that later this year the Senate will pass legislation similar to the House bill.

Congress Addresses Deregulation Costs

Congress and regulatory agencies have begun to address the consumer costs of deregulation in banking, communications, transportation and energy. But much remains to be done.

Banking: The House Banking Committee reported out two bills expanding consumer protection. One would limit check holds; the other would require banks to provide assurances of meeting community credit and deposit needs before being allowed to expand to other states. The check holds bill has developed momentum and is likely to pass both houses this year. The community services requirements are part of an interstate banking bill that, in its present form, is unlikely even to clear the House. Even though no formal action was taken, leaders in the House and Senate Banking Committees expressed increased support for improved disclosures on savings accounts, credit cards and adjustable rate mortgages.

Telephones: Consumer legislation to assure universal telephone service was introduced but has languished in committee. The Federal Communications Commission issued a "lifeline" order, but it fails to protect low-income consumers adequately from local rate hikes.

Natural Gas: To the surprise of consumer advocates, the Federal Energy Regulatory Commission issued a proposed rule that would guarantee residential consumers access to low-cost gas even after further pipeline deregulation.

Transportation: The House and Senate agreed to hold hearings on legislation that would require the Interstate Commerce Commission to evaluate railroad rate requests more critically. This bill would hold down transportation costs for coal shipments to electric utilities. Currently, nearly all those costs are passed on to residential customers.

As economic deregulation progressed, threats to competition mounted. Most significant was continued tolerance by the Federal Trade Commission and Department of Justice of giant corporation mergers. In 1985, as in 1984, nearly $100 billion of conglomerate merger deals were consummated.

A less noticed danger is posed by the "beer bill," which was voted out of the Senate Judiciary Committee for the first time since the legislation was introduced in 1981. Passage of this legislation would encourage other industries to seek similar exemptions from antitrust statutes.

Slow Responses to Health and Safety Threats

Federal regulators are increasingly addressing new threats to consumer health and safety, but progress has been slow.

CPSC: In response to alarming reports of deaths and injuries from all-terrain vehicles, the Consumer Product Safety Commission issued an advanced notice for proposed rule-making. The agency, however, has not responded to a CFA request to ban methylene chloride in consumer products.

FDA: The Food and Drug Administration proposed a rule requiring warning labels about Reye Syndrome on aspirin. It is evaluating comments on a proposed rule requiring labelling of sulfite agents in processed foods and recently proposed a rule to include a sulfite warning on prescription drugs. And—finally—the agency issued a rule on infant formula nutrient requirements mandated by a 1980 law.

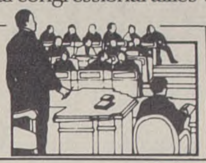
When the Department of Health and Human Services denied a petition to reduce the use of antibiotics in animal feeds, a bill to require this was introduced in the House. Both the House and Senate passed Superfund bills, but failed to agree on a proposed manufacturers' excise tax for financing. The Senate opposed giving the CPSC authority over amusement parks, while the full House has yet to act on the issue.

Because of the reluctance of regulatory agencies to regulate product safety, the Senate Commerce Committee's defeat of product liability legislation was especially good news for consumers. Despite its inefficiencies and inequities, the current liability system represents the most important incentive to manufacturers to produce safe products.

Looming on the horizon as a major threat to consumer regulatory agencies is the Gramm-Rudman Deficit Reduction Act. At best, this legislation will probably cut 10 to 15 percent from agency budget; at worst, it will serve as an excuse for the administration to eliminate agencies such as the CPSC, and to abolish federal power programs that keep electric rates affordable.

Despite the administration's lack of interest in most consumer issues, consumers can find encouragement in the fact that their concern continues to influence federal agencies in responding to serious health and safety threats. They can also take heart that they have influential congressional allies who vigorously advocate the consumer interest.

A Look at 1985 Consumer Bills



HR 2707—*Regional/Interstate Banking.* Includes consumer benefit, community reinvestment and safety and soundness standards for interstate bank acquisitions and mergers. Reported by the House Banking Committee June 12, 1985. Held up in House Rules Committee; Chairman Rep. Claude Pepper (D-FL) objects to provisions requiring states that pass "regional compact" laws to allow wider interstate acquisitions three years later.

HR 2443—*Expedited Funds Availability.* Limits holds on funds deposited by check to one to three days beginning three years after enactment; two to six days in the interim period, with faster availability for small checks and government checks, and longer periods for large checks, new accounts and others posing risks. Reported by the House Banking Committee November 20, 1985. Full House action is expected in early 1986.

HR 2661—*Consumer Banking Act of 1985.* Omnibus bill with titles on check holds, basic banking, truth in depositing, community reinvestment, Financial Consumer Associations, and other issues. Introduced by Rep. Charles Schumer. No committee action scheduled.

HR 2282—*Truth in Savings Act.* Requires full and consistent disclosure of fees and interest on checking and savings accounts. No committee action scheduled.

HR 3456—*Consumer Product Safety Commission Reauthorization.* Authorizes the CPSC for three years (FY 1986-88), with $37 million in 1986, increasing by $1 million each year. Also sets a minimum staff level of 568 FTEs, and reestablishes limited authority over amusement park rides. Reported by the House Energy and Commerce Committee, but defeated on the House floor under special procedures requiring a ⅔ vote. An attempt to pass the bill under normal procedures is expected in early 1986.

HR 3038—*FY 1986 Appropriations for agencies including CPSC and EPA.* Includes $2 million for EPA indoor air programs and $1.5 million for EPA radon programs. Includes $36 million for CPSC, with $250,000 designated for indoor air research. Passed both Houses and signed by the president.

HR 2100—*Omnibus Farm Bill* that includes a price support program for sugar growers, and possibly import quota reductions. Signed into law December 23. According to the Sugar Users Group, the provisions indicate "the likelihood of higher prices for sugar over the next few years."

S. 51—*Superfund Improvement Act of 1985.* Amended by the Senate to include the Indoor Air Quality Research Act of 1985, which was originally introduced as S. 1198. Similar provisions are in HR 2319, EPA's research and development act. HR 2319 has been reported by the House Science and Technology Committee. S. 51 passed both Houses this fall, but House rules prohibited inclusion of indoor air provisions. A House-Senate conference committee will resolve differences in early 1986.

S. 477—*Consumer Rail Equity Act.* Would require the Interstate Commerce Commission to adopt several accounting procedures in assessing railroad rate requests; in the long run, would save electricity consumer several billion dollars annually. Approved by House Energy and Commerce Committee, awaiting House floor vote.

S. 412—*Malt Beverage Interbrand Competition Act.* Would provide beer wholesalers throughout the country with exclusive territorial distribution of particular brands, forcing all retailers in a metropolitan area to purchase a brand from a single wholesaler. Approved by Senate Judiciary Committee, awaiting Senate floor vote.

S. 100—*Product Liability.* Would have established federal standards for defective products litigation, preempting stronger state laws and limiting victims' rights. Blocked by 8-8 tie vote in Senate Commerce, Science and Transportation Committee. Modified bill may be considered next session.

Bill	Issue/Title	Status
HR 2707	Regional/Interstate Banking	In House Rules Committee
HR 2443	Expedited Funds Availability	House vote pending
HR 2661	Consumer Banking Act of 1985	No committee action
HR 2282	Truth in Savings Act	No committee action
HR 3456	CPSC Reauthorization	House reconsideration pending
HR 3038	FY 86 Appropriations	Signed into law
HR 2100	Omnibus Farm Bill/Sugar Provisions	Signed into law
S. 51	Superfund/Indoor Air Research	Conference committee action pending
S. 477	Consumer Rail Equity Act	House vote pending
S. 412	Malt Beverage Interbrand Competition Act	Senate vote pending
S. 100	Product Liability	In Senate Commerce, Science and Transportation Committee

CFA Conference Examines Problems, Prospects of Financial Services Revolution

New technologies and deregulation have created a whole new ball game in the financial services industry. But will these changes benefit consumers across the board, or will upper-income consumers gain the lion's share of benefits at the expense of their moderate-income counterparts?

This was the central question explored at the CFA conference titled "The Consumer in the Financial Services Revolution: Pressing Concerns and Future Marketplace and Regulatory Options," held December 12-13, 1985 in Washington, D.C. The conference brought together more than 150 consumer advocates, industry representatives and government officials to examine the rapidly evolving financial services marketplace and consider policy alternatives for reform.

Banking and Deregulation: An Overview

Congressman Barney Frank (D-MA) opened the conference with an examination of financial regulation and deregulation. "In many areas of banking I'm a deregulator. Competition in the industry is essentially pro-consumer," Frank said, because it increases the number and variety of services available. But "there must be a tempering of competition" with consumer protection, he emphasized. He said some areas of financial deregulation were not working well, such as bank policies on check holds. "Too many banks are nickle and diming consumers" with unnecessary check holds, Frank said.

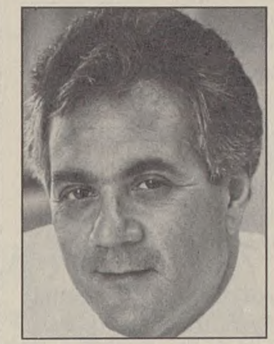
Alan Fox, CFA legislative representative, followed with an overview of the consumer banking market. He cited Federal Reserve Board figures that distinguish three major categories of consumers: (1) the lowest 40 percent, defined either in terms of income or financial assets; (2) the middle 40 percent, the most diverse group of consumers; and (3) the top 20 percent, with $30,000+ annual incomes and substantial assets.

Fox noted that different bank policies and services affect different income groups. For example, NOW accounts with a $1,000 minimum balance have little benefit for the poorest consumers, since whatever interest they receive is eaten up by bank service charges.

Boon or Burden for Consumers?

The panel on consumer banking needs allowed conference participants to evaluate the divergent views of consumer attorney Joanne Faulkner, Daniel Buser of the American Bankers Association (ABA) and Kent Brunette of the American Association of Retired Persons.

Faulkner asserted that deregulation was at best a "mixed bag" for consumers and that low-income consumers are "invisible to banks." She called for more regulation to meet consumer needs that currently are not being addressed. Faulkner's agenda for reform included "lifeline" banking services, access to credit for the poor and more reasonable check-hold policies.



Congressman Barney Frank

In contrast, the ABA's Daniel Buser maintained the key to ensuring widespread benefit from deregulation is consumer education. Statistics do not show that large numbers of the poor and elderly are effectively barred from the financial services marketplace, he said.

Kent Burnette described AARP's research and consumer education on banking for seniors. AARP members are primarily concerned about access and convenience, Burnette said. He called for "truth in banking to allow all consumers to make informed choices."

"Marketplace Options: Are Consumer Needs Being Met?" was the question addressed by panelists Robb Evans of the American Asian Bank, Ronald Snellings of the Patelco Federal Credit Union and Kenneth McEldowney of Consumer Action-San Francisco.

Snellings explored the challenges credit unions face in the new regulatory environment. McEldowney cited a Consumer Action survey of San Francisco banks in discussing the difficulty consumers have in obtaining information for comparison shopping of bank services. He called for meetings of consumer and banking industry representative to discuss the problems of deregulation.

Meeting Charter Responsibilities in a Changing Marketplace

In his keynote speech at lunch, *United States Banker* editor Raoul Edwards addressed the broader issue of how the banking system continues to meet its charter responsibilities while responding to a less regulated, more competitive marketplace. He asserted that "the system must evolve so that all consumers have access to funds transfers and all communities preserve links to financial services." This can be accomplished, he proposed, either by requiring that all providers of financial services hold to "the social responsibility role" or by limiting participation to those which accept this responsibility. He concluded by urging the expansion of an industry-consumer dialogue to address issues such as pricing, access, confidentiality, and new technology.

Other sessions addressed such issues as structural and product deregulation, Federal and state regulatory approaches, safety and soundness, and the impact of technology on consumer services.

Tax Reform Clears House, Heads for Senate

CFA helped consumers win a major legislative victory with House passage of the Ways & Means Committee's tax reform bill. The legislation, which now goes to the Senate for consideration, would give low- and middle-income citizens major tax relief by shifting some of the tax burden to upper-income taxpayers and corporations, and by closing loopholes.

The Ways & Means bill would raise corporate taxes $139 million over five years and would continue the hikes into the future, in contrast to the short-term, $125 billion corporate tax hike proposed by the Reagan administration. The legislation sets the corporate tax rate at 36 percent and establishes a solid 25 percent minimum tax for corporations and individuals.

Foreign tax havens, tax breaks for mergers and acquisitions and the oil depletion allowance (which permits producers and royalty owners to deduct a flat percentage of gross income) would all be limited under the bill.

Individual taxes would be cut $137 billion over the next five years, with a top rate of 38 percent. According to the Children's Defense Fund, a poverty-level family of four would gain $900 to $1,000 under the legislation.

The Ways & Means Committee preserved several important consumer provisions in the tax code. The 40 percent credit for solar installations up to $10,000, scheduled to expire in 1985, would stay in effect over a three-year phase-out period. The Committee shot down the administration's proposal to end exemptions for all but the smallest credit unions, voting to keep the current exemptions for all credit unions. It also rejected the Reagan proposal to tax health insurance premiums paid by individuals and families.

When the Senate takes up the bill, the White House likely will seek to cap the maximum tax rate at 35 percent and preserve investment tax credits and the $2,000 personal exemption. But, given the enormous federal deficit, it is doubtful that the administration can achieve passage of a bill that sharply limits federal revenues.

Consumers face a tough fight in the Senate to preserve the bill's consumer-oriented tax provisions. They also confront the spectre of oil import fees, proposed as a means to raise revenues, that would fall heavily on the poorest 40 percent of households (see *CFAnews*, November 1985). It remains to be seen whether Congress passes legislation benefiting the vast majority of taxpayers.

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