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Consumer Federation  
of America

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1986

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ANNUAL REPORT

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







Dear CFA Member,

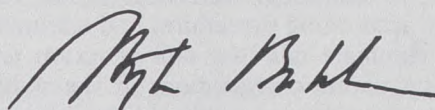
I am pleased to submit the following report on CFA's activities and accomplishments.

1986 was a year of continued growth for the federation. Most importantly, energetic work by staff and Board members persuaded 31 new groups to apply for CFA membership and 11 lapsed members to reaffiliate. Today, 220 organizations belong to the federation, the largest number since 1979.

These member groups supported CFA advocacy that was as vigorous as it has ever been. Just one indication of the level of activity is that, in an election year, staff nevertheless submitted 24 testimonies, comments, and petitions to Congressional committees and regulatory agencies.

Also worthy of special note are two CFA publications that were commercially published, *The Childwise Catalog* and *The Bank Book*. Each received good reviews and sold more than 25,000 copies.

These and other 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.

A handwritten signature in dark ink, appearing to read "Stephen Brobeck", with a stylized, flowing script.

Stephen Brobeck  
Executive Director  
February 14, 1987



# Advocacy

## Major Accomplishments

CFA staff took leadership (or co-leadership) on a number of important issues. Progress was made on each. In addition, we actively supported pro-consumer candidates in Congressional elections.

**Congressional Candidate Endorsements:** CFA's Political Action Committee endorsed and supported 100 pro-consumer House and Senate candidates. These endorsees were announced at a Capitol Hill press conference attended by 12 of the candidates. The principal assistance rendered endorsees was the preparation and distribution of individualized press releases to local press. Most candidates used these endorsements, and the results of CFA's 1985 Voting Record, in their campaigns. These efforts appear to have been helpful, for 80 of 91 House candidates and five of nine Senate candidates were elected.

**Consumer Banking Reforms:** Several years of public education and Congressional lobbying began to bear fruit as the House passed three important reforms and the Senate came close to approving one. Legislative representatives from CFA, Consumers Union, and Congress Watch spent hundreds of hours helping pro-consumer congressmen develop legislation and lobbying other members. They also testified together in two House and two Senate hearings. To build additional public support, CFA worked with state and local member groups to release a 20-state bank fee survey demonstrating the need for improved disclosures and check hold limits. All this work helped persuade the House to approve tough legislation limiting check holds and a bill requiring new credit card and truth in savings disclosures.

**Product Liability:** Manufacturers and insurers redoubled efforts to persuade Congress to preempt strong state product liability statutes. As in previous years, the focus was the Senate Commerce Committee, which voted out a bill with caps on pain and suffering awards. Working with other consumers and with trade unions, CFA lobbied vigorously against this legislation. We testified in two hearings organized by Senate Commerce (as well as in two House hearings). Our message to Congress included the results of a CFA study on jury awards in product liability cases and a CFA critique of a Department of Justice study on punitive damages. Because of a filibuster which proponents could not override, the bill was not voted on by the full Senate.

**Telephone Rate Restraint:** CFA continued its efforts to minimize the costs and maximize the benefits of divestiture. At the beginning of the year, we joined with the American Association of Retired Persons and AT&T to co-sponsor research on consumer needs, wants, and usage in the new telephone environment. Later on, we released two widely publicized reports on the costs of residential service. On the Hill, we worked with pro-consumer congressmen to incorporate ratepayer protections in phone legislation, then testified on them on three occasions. The failure of a Senate deregulation bill to contain these protections was an important reason it gained little support.

At the agencies, we submitted comments to the Federal Communications Commission on phone company accounting procedures and comments to the Department of Commerce on its proposal to eliminate rate-base rate of return regulation. We also were consulted by the White House on phone deregulation. At the state level, we communicated with each public service commissioner and public utility advocate about our local phone company overcharge report, intervened in a Hawaii rate filing, and testified before a study commission of the Vermont legislature. The most important impact of all our activity was to convince many policy-makers that divestiture has imposed a net cost on most consumers and that additional ratepayer protections are needed.

**Indoor Air Pollution:** CFA continued its campaign to raise public consciousness of the hazards of indoor air pollution and to persuade Congress and regulatory agencies to take action. To increase public awareness, we published a pamphlet on indoor air pollutants and their dangers. We also lobbied successfully for including provisions establishing a coordinated Environmental Protection Agency program in Superfund legislation. But most of our advocacy was directed toward regulatory agencies. CFA joined with Public Citizen to sue the Food and Drug Administration to ban methylene chloride in decaf coffee. To the Consumer Product



Safety Commission, we submitted comments on formaldehyde in pressed wood products, testimony on Commission priorities urging greater attention to indoor air quality, and a petition asking for a rule banning methylene chloride in consumer products. The Commission responded to the latter, and to our discussions with individual commissioners, by issuing a notice of proposed rulemaking.

**Antitrust Exemption for Beer Wholesalers:** The most blatantly anti-consumer measure to be considered by the 99th Congress was the Malt Beverage Interbrand Competition Act (or "beer bill"), which would provide beer wholesalers with antitrust immunity. CFA and Congress Watch were the two consumer groups working actively on this issue within a broad-based coalition. In addition to Senate lobbying, in individual letters and phone calls we urged editorial page editors at more than 100 newspapers to address the issue, and several dozen did. Also, at a Capitol Hill news conference with Senators Howard Metzenbaum and Strom Thurmond, we released a 70-page study on the adverse consumer impact of the "beer bill." While the legislation was reported out of two committees, it did not make it to the floor of the Senate.

**Coal Rail Rates:** Since Congress deregulated railroads in 1981, carriers have raised the price of coal transportation to electric utilities, which have passed on these increases to their customers. To restrain further hikes, CFA, the National Rural Electric Cooperative Association, and the American Public Power Association led a coalition to amend the original deregulation law. CFA activity included testimony before two House committees, the development of a critique of Interstate Commerce Commission methods of determining revenue adequacy, meetings with newspaper editorial boards in five cities, and dozens of meetings with Congressional offices to secure co-sponsors to the amendments. The more than 100 that were recruited helped move legislation through subcommittee, but this measure was blocked at the committee level by one vote.

## Strategies

CFA pursued several different strategies in advocating nearly 50 consumer issues considered by Congress and federal regulatory agencies in 1986. 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
January	Senate Banking	Fox	Credit card rates
February	House Energy and Commerce	Kimmelman	Phones
	Senate Commerce	Kimmelman	Product liability
	CPSC	Fise	Formaldehyde
	Treasury	Fox	Bank disclosures
March	House Energy and Commerce	Kimmelman	Phones
	House Energy and Commerce	Cooper	Railroads
	House Ways and Means	Kimmelman	Product liability
	Senate Energy	Cooper	Oil import fees
	House Energy and Commerce	Cooper	Electric utilities
April	CPSC	Fise	Methylene chloride
	CPSC	Fise	CPSC priorities



# Advocacy

Month	Committee/Agency	Witness	Issue
May	Senate Commerce	Kimmelman	Product liability
	House Banking	Fox	Bank acquisitions
	Senate Banking	Fox	Credit cards
	Senate Energy	Cooper	Natural gas
June	House Banking	Fox	Truth in savings
	FCC	Kimmelman	Phones
	House Public Works	Cooper	Railroads
July	House Judiciary	Kimmelman	Product liability
	CPSC	Fise	Bunk bed safety
September	Senate Commerce	Kimmelman	Phones
October	CPSC	Fise	Methylene chloride
December	Department of Energy	Cooper	Oil import fees

## 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 took the lead in sponsoring or co-sponsoring coalitions against the "beer bill" and product liability legislation, and for consumer banking reforms, telephone ratepayer protections, coal rail rate amendments, and control of indoor air pollution. In addition, on several of these issues we called on members of our three grassroots networks for support—state and local member groups, Consumer Product Safety Network, and indoor air quality network. Network members and others participated in conferences on telephones, banking, indoor air, and electric utilities that were organized by CFA to increase awareness on these issues.

## 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** *CFA's 1985 Congressional Voting Record*—A record of how Congress voted on consumer issues together with an analysis of patterns and trends.

*A Report on the 1986 Elections*—An analysis of the likely consumer impacts of the Congressional elections.

**Phones** *Local Rate Increases in the Post-Divestiture Era: Excessive Returns to Telephone Company Capital*—A report on the profitability of local phone companies that consumers have been overcharged.

*Divestiture Plus Three: Still Crazy After All These Years*—A review of recent changes in local and long distance phone rates that reveals a net increase in residential costs since divestiture.

**Product Liability** *Trends in Liability Awards: Have Juries Run Wild?*—An analysis of jury awards that explains increases in terms of factors like rising health costs and life expectancy.



- Banking** *Bank Fees on Consumer Accounts: Third Annual National Survey*—A report of CFA's 20-city survey of fees and terms on consumer accounts.
- Antitrust** *The Costs to Consumers of Exclusive Franchising: The Case of Malt Beverages*—An analysis of the likely consumer impacts of a national antitrust immunity for beer wholesalers.

#### 4. Public Education: Press

As well as reacting to numerous stories, CFA frequently made news. In 1986, we generated 16 separate consumer stories that were reported on by the national press. Much of this coverage resulted from 15 advocacy press releases issued by CFA and from staff participation in eight press conferences.

Print coverage included more than 1,000 articles in newspapers and magazines including *Congressional Quarterly*, *Time*, *Newsweek*, *Business Week*, *The Washington Post*, *New York Times*, *Wall Street Journal*, and *USA Today*. CFA staff were interviewed on the CBS Evening News, NBC Nightly News, ABC Evening News, CBS Morning News, The Today Show, It's Your Business, and Cable News Network.

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## Member Services

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### Conferences and Special Events

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The most important CFA meetings were held during a four-day period in February. The most widely publicized was Consumer Assembly '86, the nation's largest annual consumer conference. The more than 450 persons in attendance heard speakers including Senator John D. Rockefeller IV, Representative James Florio, Representative Mary Rose Oaker, Representative John Bryant, Consumer Product Safety Commission Chairman Terrence Scanlon, AT&T Communications President Randall Tobias, and consumer leaders Rhoda Karparkin, Bob Bergland, Joan Claybrook, David Pittle, Bob Greenstein, and Robert Hunter address issues related to the theme of "The Deregulation of the Marketplace: Making It Work for Consumers."

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 recommend new ones. These recommendations were submitted 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 May, 250 persons met to discuss issues affecting utilities and their residential customers. Among the speakers was Representative Claudine Schneider, a leading Congressional advocate for energy conservation. In September, 150 persons participated in a UN-style forum on indoor air quality issues that was addressed by Senator George Mitchell. The next month, 260 attended the fourth annual "Telephone Issues in the States" conference, which was addressed by Judge Harold Green, among other speakers. Then in December, 160 advocates, regulators, and industry representatives heard House Banking Chairman Fernand St Germain and others speak at a financial services conference focusing on consumer issues.

At the June Awards Dinner, 500 persons honored Representative Peter W. Rodino, Jr., Representative Mary Rose Oaker, Public Citizen President Joan Claybrook, Consumer Action of San Francisco, and CBS consumer reporter Betsy Ashton.



# Member Services

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## Publications

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CFA member organizations received three regular publications:

- Eight issues of CFA's newsletter, *CFAnews*, which reports consumer news and CFA advocacy in Washington.
- Six 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 1986 policy resolutions adopted at the Annual Meeting, and the 1985 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 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 a conference call on phones and a 20-state survey on bank fees.

The most important new Resource Center service is a resource grants fund, which was established early in the year to help state and local groups strengthen their organizations. All 12 applicants for funding received grants totalling more than \$10,000.

CFA also 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 to 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 of the Wisconsin Consumers League, Milwaukee Concerned Consumers League, National Rural Electric Cooperative Association, Credit Union National Association, National Association of Federal Credit Unions, California Credit Union League, and Michigan Credit Union League. Speeches were also given at consumer meetings in Washington, Philadelphia, Phoenix, New Orleans, Los Angeles, Denver, Richmond, Detroit, and Pittsburgh attended by representatives of CFA member groups.

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## Membership Development

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Since the beginning of a membership campaign in February 1985, 67 applications have been approved and 11 lapsed members have reaffiliated. This brings to 220 the number of paid-up CFA members.

This campaign, on which staff and Board members worked, recruited groups from all CFA constituencies. Six are national consumer organizations, 13 state or local nonprofits, three local protection agencies, 18 public power groups, ten rural electric cooperatives, 12 credit union groups, and five trade unions.



# Consumer Services

During the past several years, CFA has expanded its services to individual consumers. This outreach has increased CFA's visibility, generated revenue, and most importantly, met consumer needs.

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## 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 two years the Hotline has served more than 100,000 individual consumers and has reached millions more through extensive media coverage. Moreover, it has begun to offer special services to those with disabilities, including a shopping guide for the disabled.

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## Low Income Weatherization

For the past three years, CFA has helped organize local coalitions to promote the weatherization of low income housing. Last year we targeted Raleigh, North Carolina and Binghamton, New York, building coalitions that weatherized dozens of units, trained hundreds of consumers, and facilitated cooperation among weatherization agencies.

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## Publications

Last year, CFA prepared and promoted four new publications for a general consumer audience, two books and two pamphlets. Both *The Childwise Catalog* and *The Bank Book* were published commercially, and were highly praised by reviewers, extensively reported on by the news media, and widely distributed—more than 25,000 copies each. “Your Credit Options” and “Savings Through Storebrands” were not as widely distributed, but were featured in dozens of newspaper and magazine articles.



# Finances

1986 was a good year financially for CFA. Income exceeded expenses by \$40,725. By year's end, assets totalled \$308,495, nearly one half of the organization's budget. This allowed us to purchase new equipment, continue the state and local grants program, and add to the reserve fund.

	1985	1986
Income	\$571,833	\$634,112
Expenses	483,013	593,387
Surplus	88,820	40,725
Total Current Assets (end of year)	\$270,327	\$308,495

## 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>Barbara Tracy</i>
Newsletter Editor:	<i>Barbara Roper</i>
Legislative Aide:	<i>Tom Ciaglo</i>
Administrative Secretary:	<i>Beverley Southerland</i>
Administrative Assistant:	<i>Miguel Carpio</i>
Receptionist:	<i>Kathy Small</i>







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