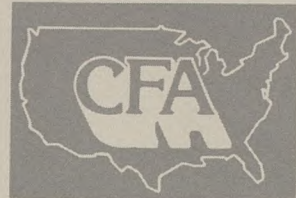


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Consumer Federation  
of America

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# 1992

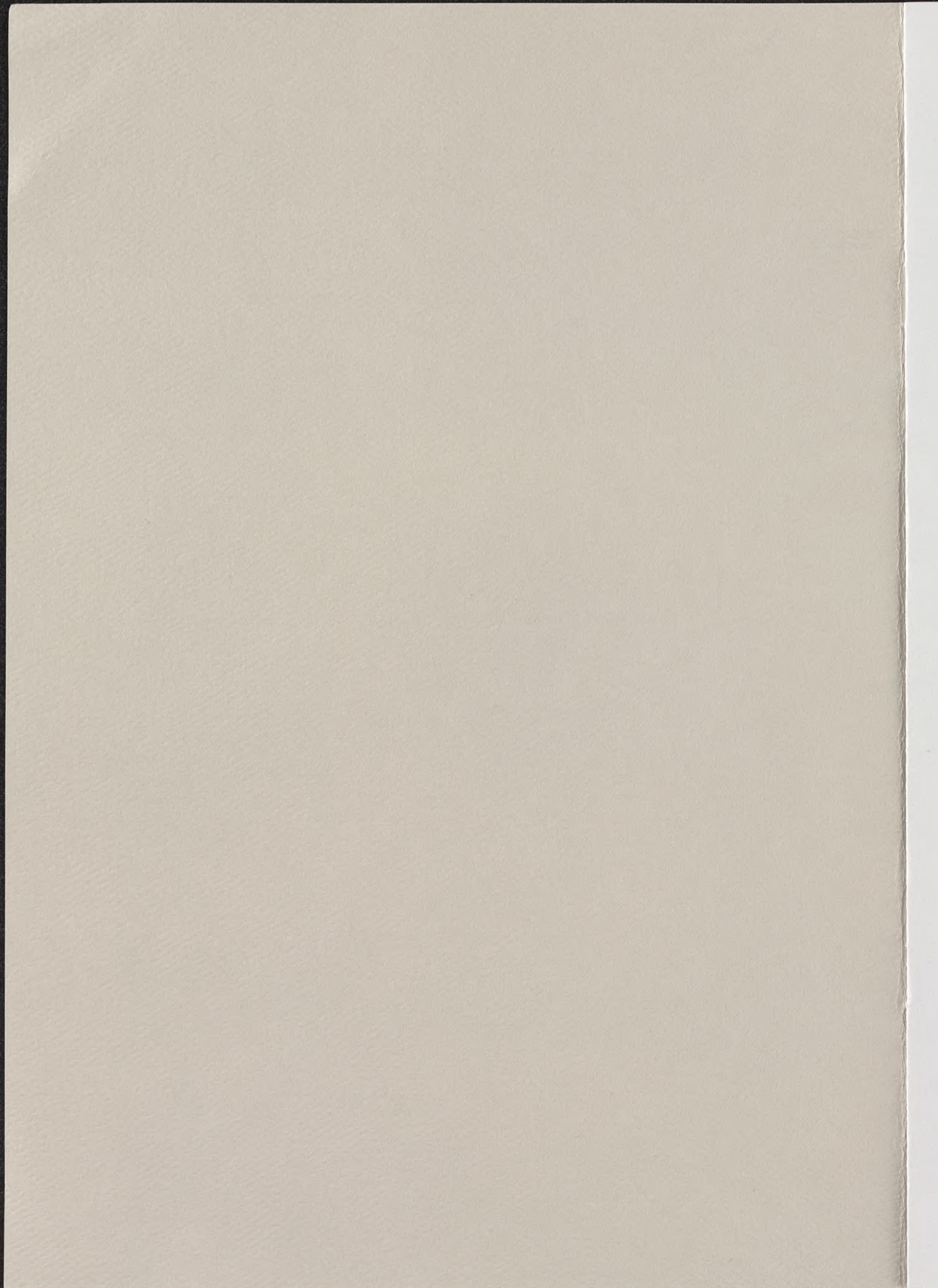
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## ANNUAL REPORT

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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.

Our most noteworthy legislative accomplishment in 1992 was leadership on cable TV legislation that Congress passed twice, the second time over a Presidential veto. Also significant was the critical role we played in support of PUHCA reforms contained in comprehensive energy legislation that became law.

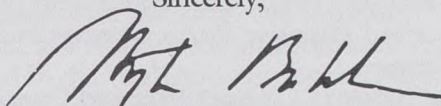
As well as working on numerous other federal legislative and regulatory issues, CFA continued to increase its advocacy in the states on telephone, insurance, investor, and real estate issues. We not only developed our own initiatives, but also frequently were asked by public service commissions, state insurance departments, securities regulators, real estate commissioners, and consumer advocates for advice and assistance.

CFA advocacy was backed up by extensive research that was widely reported on by the press. These studies served as the basis for fifteen news stories and frequent interviews on TV news and talk shows.

Especially gratifying was our expansion of services to member organizations. We worked closely with consumer, cooperative, or labor groups on many issues. We organized three major conferences for representatives of member groups. And we increased the number of state and local grants for resource development and extended or facilitated other grants and contracts on specific projects.

These accomplishments were made possible by the hard work of an experienced staff, and by your support and encouragement. I and other CFA staffers thank you for the latter and look forward to working with you in the coming year.

Sincerely,

A handwritten signature in dark ink, appearing to read "Stephen Brobeck", written in a cursive, flowing style.

Stephen Brobeck  
Executive Director  
March 13, 1993



# Advocacy

## Major Accomplishments

CFA staffers took leadership on many issues before federal and state legislatures, regulatory agencies, and the courts. Their advocacy on a number of these issues made a difference.

**Cable TV Reform:** CFA continued to take the lead in advocating cable TV reform legislation that would restrain local cable rates and introduce increased competition into the industry. For two years, a cable bill had been supported by the House but blocked in the Senate, so CFA concentrated its initial efforts in the latter. This campaign included organizing a consumer-labor-broadcaster coalition, recruiting grassroots support, writing op ed essays for several major newspapers, publishing newspaper ads, organizing press conferences, giving numerous press interviews, seeking newspaper editorial endorsements, being interviewed on all four major TV networks, testifying before Senate committees, working with Congressional supporters, and lobbying other members. These efforts were instrumental in Senate, then House passage of a strong bill, which was successfully conference. After a Presidential veto and additional CFA efforts, for the first time in the Bush Administration, Congress overrode a veto. Since the legislation required the Federal Communications Commission to implement essential portions of the law by April of 1993, at the end of the year, CFA submitted extensive comments to the Commission about the direction this implementation should take.

**Product Safety:** CFA pursued product safety reforms in Congress, in the courts, and before the Consumer Product Safety Commission. On the Hill, we worked most actively in support of CPSC reauthorization legislation in the House that would not only adequately fund the agency, but would also require the Commission to address specific product-related hazards. Unfortunately, because the final bill was not strong enough, we were unable to support it. In the Senate, we backed bicycle helmet legislation that was approved but not acted on by the House. In the courts, we continued to pursue a lawsuit on All-Terrain Vehicles, filing a couple briefs, and also filed an amicus brief on a toy labeling case. At the CPSC, we testified on 1994 priorities and again on long-range plans, submitted comments and lobbied on choking hazards, organized consumer efforts on safety standards, submitted a petition to ban baby walkers, and represented consumers in numerous voluntary standards meetings. Because of the anti-regulation bias of the current commissioners, little progress was made on these issues. But we laid the groundwork for a more pro-consumer Commission in the new administration. One of CFA's most successful product safety initiatives was the preparation and release of a report on playground safety and, with US PIRG, the organization of a nationwide survey of this safety, both of which received extensive media coverage and were communicated to the CPSC with recommendations.

**Telephone Industry Competition and Consumer Protections:** CFA sought to reverse the trend toward allowing local phone companies increased powers by helping develop House legislation to restrict phone company entry into information services. We then supported this bill by organizing and leading a consumer-industry coalition, by publishing an op ed essay, by releasing a major report on the future of telecommunications, and by lobbying House members. The legislation was voted out of a House Judiciary subcommittee and the full committee, but was not sent to the floor for a vote. At the state level, we submitted documents on system modernization to several state public service commissions and gave testimony before two of them.



**PUHCA:** CFA continued to support legislation that would amend the Public Utility Holding Company Act (PUHCA) to establish consumer protections and guarantee smaller utilities access to transmitted power. Working with a diverse coalition that we helped organize, we lobbied both houses and played a critical role in the development of an acceptable compromise. This agreement was incorporated in a comprehensive energy bill that was approved by Congress and signed into law by the President.

**Banking:** Following passage of legislation in late 1991 that established many new consumer banking protections, CFA's top priority in 1992 was to preserve these protections and to block new anti-consumer measures. To oppose interstate branching, we submitted comments to the Office of Thrift Supervision, organized a consumer coalition, testified twice before the House Banking Committee, and lobbied members and their staffers. Unfortunately, a Senate measure to place a moratorium on branching was rejected by the House. To reform Fannie Mae and Freddie Mac, we lobbied Congress and the Administration. Final legislation, which was approved by Congress, contained pro- and anti-consumer features. On RTC refinancing, we lobbied key members of Congress and testified before the RTC Oversight Board, but Congress did not act on this issue. To respond to increasing complaints by bankers of "regulatory burden" and the need for legislative relief, by the end of the year we had begun an assessment of the need for this relief. Also, during the year we released widely-publicized reports on credit card attitudes, the widening gap between loan and savings rates, and consumer dissatisfaction with these rates.

**Investor Protections:** CFA continued its leadership in advocating improved investor protections. We helped draft, then supported legislation to improve regulation of investment advisers that was approved, in different versions, by both houses but never enacted. Also, we advised several states about how they could improve investor protections.

**Indoor Air Quality:** CFA was a key supporter of comprehensive indoor air quality and radon bills. Our advocacy included Congressional testimony, lobbying members and staffers, and lobbying the Administration. The comprehensive legislation passed the Senate but not the House. Radon bills passed both houses late in the session but were not taken to conference.

**Clinical Lab Reform:** In 1988, CFA helped persuade Congress to pass the Clinical Laboratory Improvements Act to curb shoddy lab procedures that were producing inaccurate, and sometimes fatal, results. The Health Care Finance Administration (HCFA) within Health and Human Services was empowered to issue regulations and administer them. Early in 1992, CFA submitted comments to HCFA on their rulemaking. When the agency issued inadequate regulations, we opposed them in comments filed with HCFA, in testimony to a Congressional committee, and in a release to the press. At year's end, we were working with another public interest group to prepare a lawsuit against the proposed regulations.

**Residential Real Estate Practices:** Our widely-publicized 1991 critique of residential real estate sales practices had revealed that the subagency system discriminated against home buyers. To reform this system, we released a report on the inadequacy of state agency disclosure laws and, with AARP, distributed a pamphlet for home buyers and sellers. We then began to organize a multi-state campaign to improve these laws.

**Insurance:** A multi-year effort to increase the effectiveness and consumer responsiveness of state insurance departments culminated in the establishment, by the National Association of Insurance Commissioners, of a program to fund consumer participation in NAIC meetings. The growing strength of these departments was confirmed by a study, which we drafted, of their increasing resources. To continue our credit insurance reform campaign, we issued another study of credit life insurance and worked with several state insurance departments to regulate this product more adequately.

**Congressional Candidate Endorsements:** To support pro-consumer Congressional candidates, CFA's Political Action Committee endorsed 120 candidates running for the House and Senate. For these candidates, we sent press releases to local media outlets and responded to press inquiries. For several, we also wrote letters to local newspapers. 96 of these endorsed candidates won.



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## Strategies

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CFA pursued several strategies in advocating more than 30 issues considered by Congress, federal regulatory agencies, federal courts, and state governments in 1992. 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 members of Congress, Congressional staffers, 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                        |
|----------|-----------------------|-----------|------------------------------|
| January  | FCC                   | Cooper    | Caller-ID                    |
|          | Tenn. PSC             | Cooper    | Phone regulation             |
|          | FDA                   | Furst     | Food labeling                |
| February | FCC                   | Kimmelman | Cable-telco                  |
|          | Okla. Corp. Comm.     | Cooper    | Phone regulation             |
| March    | Thrift Oversight Bd.  | Miller    | Bank solvency                |
|          | House Judiciary       | Gillis    | Car theft                    |
| April    | House Appropriations  | Miller    | Community banking            |
|          | CPSC                  | Fise      | 1994 priorities              |
|          | HHS                   | Cooper    | Clinical labs                |
|          | House Energy/Commerce | Cooper    | Clinical labs                |
|          | Senate Judiciary      | Kimmelman | Cable                        |
| May      | House Banking         | Miller    | Bank branching               |
|          | Pa. Assembly          | Miller    | Banks/insurance              |
|          | House Banking         | Miller    | Mortgage refinancing         |
|          | U.S. District Court   | Kimmelman | Phone protections            |
| June     | House Energy/Commerce | Fise      | Radon                        |
|          | CPSC                  | Fise      | CPSC plan                    |
|          | House Banking         | Miller    | Bank branching               |
| August   | CPSC                  | Fise      | Baby walkers                 |
| October  | FCC                   | Kimmelman | Cable-telco                  |
| November | FCC                   | Kimmelman | Cable-telco                  |
| December | Senate Judiciary      | Kimmelman | Baseball antitrust exemption |

### 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 cable TV reform, telephone rate restraint, improved indoor air quality, PUHCA reform, CPSC reauthorization, playground safety, and clinical lab reforms. But our most ambitious coalition and networking efforts involved consumer health and safety. A coalition of more than 40 consumer, health, and insurer groups, the Coalition for Consumer Health & Safety which we organized in 1988, provided critical support on many legislative and



regulatory initiatives, released the second annual report on the nation's consumer health and safety, published four issues of a newsletter, and began developing an educational campaign on hidden product hazards.

### 3. Public Education: Research

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.

|                           |   |
|---------------------------|---|
| <b>General</b>            | <i>CFA's Congressional Voting Record</i> (Miller, others)<br><i>The Worst Consumer Ripoffs: Abuses and Needed Reforms</i> (Brobeck, NACAA)  |
| <b>Product Safety</b>     | <i>Report and Model Law on Public Play Equipment and Areas</i> (Morrison, Fise)<br><i>Playing it Safe: A Nationwide Safety Survey of Public Playgrounds</i> (Morrison, Fise, US PIRG)<br><i>Consumer Health and Safety: A Status Report</i> (Neidle)  |
| <b>Telecommunications</b> | <i>Accelerated Modernization and Regulatory Reform in Telecommunications</i> (Cooper)<br><i>Developing the Information Age in the 1990s: A Pragmatic Consumer View</i> (Cooper)<br><i>The Economics of Deregulation and Reregulation in the Cable Industry</i> (Cooper, Kimmelman, Stillman)                  |
| <b>Banking</b>            | <i>The Rule of 78's: Impact on Consumers</i> (Miller)<br><i>Price and Certification of Residential Appraisals</i> (Feldpausch)<br><i>The Widening Gap between Consumer Loan and Savings Rates</i> (Brobeck)<br><i>What Consumers Think about Credit Cards: Findings of a National Study</i> (Brobeck, others) |
| <b>Insurance</b>          | <i>Credit Life Revisited</i> (Brobeck, NICO)<br><i>The Adequacy of Resources Available to State Insurance Departments</i> (Brobeck, CIIG)   |
| <b>Real Estate</b>        | <i>Real Estate Disclosure to Home Buyers: An Evaluation</i> (Brobeck, Feldpausch)<br><i>Buying a Home: What Buyers and Sellers Need to Know about Real Estate Agents</i> (Brobeck, AARP)  |
| <b>Consumer Literacy</b>  | <i>Telephone Test: What Consumers Know about Telephone Services</i> (Brobeck, AT&T)   |

### 3. Public Education: The Press

In addition to reacting to numerous stories, CFA frequently made news. In 1992, we generated 29 separate stories that were reported on by the national press. In addition, we worked with other groups in organizing several press conferences, which led to additional stories. Print coverage included frequent stories and quotes in all major newspapers and wire services, and television coverage included interviews on all major morning and evening news programs. Also, we wrote five op ed essays that were published in newspapers.



# *Consumer Education*

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## Tele-Consumer Hotline

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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. Managed by CFA and TRAC, over the past eight years the Hotline has served nearly 300,000 individual consumers and reached millions more through extensive media coverage. Among those who have received assistance are tens of thousands of disabled persons, many of whom have contacted the Hotline through its TDD. In 1992, the Hotline responded to about 50,000 individual information requests.

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## Consumer Literacy

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CFA continued to build its national campaign for consumer literacy that began in 1990 with the release of a test of the nation's consumer competency. Since then, we have supplemented this test with tests of the consumer literacy of high school seniors (1991) and adult knowledge of telephone services (1992). In addition, we have used data from these tests to prepare special reports on consumer knowledge in several product-areas. These reports have served as the basis for roundtable discussions, two of which were sponsored by The White House. This past year, reports were written, and roundtables were held, on drugs and food. Also, we worked with the U.S. Office of Consumer Affairs and consumer groups to plan roundtables in California and Texas that brought together leaders of minority organizations and consumer protection officials.

All these activities laid the groundwork for CFA's establishment, toward the end of 1992, of a Consumer Literacy Consortium to develop and disseminate "essential consumer knowledge." The Consortium, made up of 25 leading consumer educators, began formulating simple, but critically important consumer messages and strategies for communicating them effectively to groups beyond the most literate 20-30% of the population.

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## Radon Education

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At the request of the Environmental Protection Agency, CFA continued work on a grassroots campaign to inform citizens of the potential dangers of radon gas in their homes. In 1992, we expanded our outreach geographically — from five to eight states — and programmatically — from promotion of radon testing to encouragement of state and local government leadership on the issue. By year's end, eight grassroots groups were working with CFA to reduce the threat of an indoor air hazard that causes an estimated 7,000 to 30,000 lung cancer deaths annually.



## Member Services

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### Conferences

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The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly '92, the nation's largest annual consumer conference. Nearly 500 persons in attendance heard speakers including Senator Paul Sarbanes, Senator Paul Wellstone, Representative Eleanor Holmes Norton, Representative Maxine Waters, Representative Connie Morella, and U.S. Food and Drug Administration Commissioner David Kessler address issues related to the theme of "Consumer Challenges for Public Policymakers in a Recessionary Era."

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 two issue conferences attended by member representatives. In May, 160 persons participated in a conference on consumer utility issues that was addressed by Representative Ed Markey; by Peter Bradford, New York Public Service Commission Chairman; and by other utility policymakers and regulators. And in December, more than 230 persons participated in CFA's eighth annual financial services conference, which addressed banking, investment, insurance and real estate issues, and featured keynote speeches by Representative Jim Leach and William Seidman, former Federal Deposit Insurance Commission Chairman.

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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.
- Four issues of the *Consumer Health and Safety Update*, which covers health and safety issues dealt with by the Coalition for Consumer Health & Safety.
- 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 1992 policy resolutions adopted at the Annual Meeting and the 1991 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues during the previous year.

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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. The Center prepared and sent twelve 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 funding from Consumers Union, the Center was able to grant \$95,000 to 22 different organizations.

CFA also provided more than \$15,000 in travel grants to grassroots activists to attend Consumer Assembly and two 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.

## 1992 ANNUAL REPORT

# *Finances*

CFA finances in 1992 were better than expected. Despite a projected deficit of \$47,000 and the cancellation of an income-producing conference, during the year income nearly equalled expenses. The most important factor in this improvement was additional income from a new consumer literacy project and greater than expected revenues from the Awards Dinner, financial services conference, and utilities conference.

In 1992, for only the second year, income exceeded \$1 million. But several hundred thousand dollars of this sum were passed through to state and local organizations as grants or contracts. Staff-related expenses remained fairly modest. Total staff compensation, for example, was less than \$400,000.

|                     | 1991        | 1992        |
|---------------------|-------------|-------------|
| Income              | \$1,035,789 | \$1,074,187 |
| Expenses            | 961,524     | 1,078,369   |
| Surplus             | 74,245      | (4,182)     |
| Total Fund Balances | \$ 479,590  | \$ 475,408  |



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