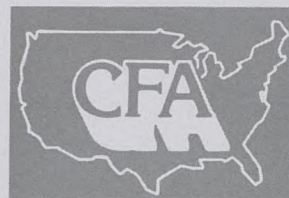

Consumer Federation
of America



1993

ANNUAL REPORT

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



Dear CFA Member:

I am pleased to submit the following report on CFA's 1993 activities and accomplishments.

There are no great legislative or regulatory victories to report. But substantial progress was made on cable television, banking, insurance, child safety, and indoor air quality issues.

To support CFA's own advocacy, we played a leading role in various coalitions. For example, the Coalition for Consumer Health & Safety, which we founded and manage, intensified its legislative efforts. And the Coalition Against Insurance Fraud, which we helped organize and now co-chair, launched its first initiatives.

CFA advocacy was also backed up by extensive research that was widely reported on by the press. These studies served as the basis for 25 news stories, frequent interviews on TV news and talk shows, and several op ed newspaper essays.

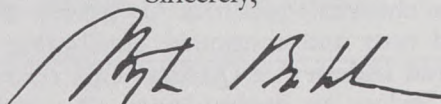
CFA greatly expanded its consumer education outreach. In the health and safety area, we wrote a hidden hazards brochure and expanded our radon education activities, including the establishment of a toll-free radon hotline. In the area of consumer finances, we published a consumer banking guide and, through the Consumer Literacy Consortium, made progress achieving agreement on essential consumer messages.

Especially gratifying was our expansion of services to member organizations, especially state and local groups. Most significantly, with funding from Consumers Union we provided more than \$120,000 in technical assistance grants and organized a series of technical training workshops.

CFA staffers received several honors: appointment as CFA's consumer correspondent to The Today Show, appointment to the Administration's Consumer Product Safety Commission transition team, reappointment as a director of the Richmond Federal Reserve Bank, appointment to the Security and Exchange Commission's new Consumer Advisory Committee, special recognition by the Environmental Protection Agency, and an invitation to edit an encyclopedia of the consumer movement.

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,



Stephen Brobeck
Executive Director
March 12, 1994

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 Consumer Protections: After leading successful efforts to persuade Congress to pass the 1992 Cable Act, CFA worked to see that this law was adequately implemented by the Federal Communications Commission. Our efforts included filing twelve comments and one petition at the Commission, meeting individually with each commissioner including the new chair, and encouraging citizens to file complaints with the FCC. When the Commission proposed inadequate rate reductions, we also supported Congressional criticism and expressed our dissatisfaction through the news media, including all major newspapers and morning and evening news programs. By year's end, there were hopeful signs that the FCC's new chair would address our concerns.

Consumer Banking Protections: CFA worked with other consumer groups to support a broad range of consumer banking protections. First, we coordinated efforts to improve and advance Resolution Trust Corporation funding legislation, which was approved by Congress. Second, we supported strong community development legislation by helping write House legislation, by testifying before the Senate Banking Committee, by organizing consumer letters to both houses, and by lobbying the administration. And we opposed regulatory relief proposals, that were added to community development legislation, by testifying before two House committees, by organizing staff briefings, and by organizing a coalition letter to Senate Banking Committee members. Combined legislation was approved by the full House and by the Senate Banking Committee. Third, we supported fair credit reporting bills that were approved by the Senate Banking Committee and by a House Banking subcommittee. Fourth, we worked closely with other consumer groups to back home equity loan reforms that were voted out of the Senate Banking Committee. Fifth, we worked with House sponsors to develop basic banking legislation and supported it in testimony before two House committees. Then, in House and Senate testimony on interstate branching we emphasized the importance of adding basic banking protections. Sixth, we supported mortgage escrow reforms in the House with testimony and lobbying. Seventh, we recruited co-sponsors for rent-to-own reform legislation. To support many of these protections, we conducted and released studies on bank fees (with US PIRG) and on check bouncing fees that were widely reported on by the press.

Child Safety: CFA urged both Congress and the Consumer Product Safety Commission to advance new initiatives to improve child safety. In both the Senate and House, we lobbied, wrote letters, and gave testimony supporting legislation that would ensure safe bicycle helmets and require warning labels on toys with small parts and on five-gallon buckets. Legislation addressing bicycle helmets and toys passed the House. Legislation addressing helmets, toys, and buckets passed the Senate. At the CPSC, we sent a letter on crib toy strangulation, and participated in voluntary safety standards meetings on numerous children's products. To inform the public about these issues, we published an op ed essay and continued distributing checklists on playground safety.

Improved Indoor Air Quality: CFA continued to take leadership at federal and state levels on indoor air quality issues. Our highest priority was reducing radon levels in homes. In both the House and Senate, we supported legislation through testimony, letters, and lobbying. The Senate bill was voted out of full committee, while House legislation was approved by two subcommittees. At the state level, we drafted model legislation and coordinated state and local efforts in several states to pass legislation requiring radon disclosures. We also gave priority to other indoor air quality threats. In both

the House and Senate, we supported indoor air quality bills through testimony and lobbying. Late in the year, the Senate approved this legislation. Outside the public policy arena, with other consumer groups and the industry we negotiated a formaldehyde label for carpeting.

Telephone Industry Competition and Consumer Protections: CFA worked actively at the federal and state levels to help ensure that consumers were protected in any restructuring of the telephone industry and its regulation. In six states, we presented our vision of the Information Age to public service commissions and, in another state, filed two amicus briefs against the local phone company. In Washington, we lobbied Congressional committees that were considering legislation and broadened consumer support for adequate consumer protections in this legislation. In response to proposed mergers, we testified before a Senate committee, published an op ed essay in USA Today, and were interviewed extensively by print and electronic media including The MacNeil-Lehrer News Hour, twice, and It's Your Business.

Insurance Reform: CFA took leadership on selective insurance issues. On credit life insurance, with the National Insurance Consumer Organization and industry leaders we negotiated a model standard that, if implemented by states, would assure that all purchasers receive adequate product value. At year's end, we had begun planning a campaign to persuade insurance regulators and states to adopt the standard. On property and casualty insurance, we worked on two issues. We were the lead consumer group in organizing a coalition of consumer, insurer, regulatory, and law enforcement agencies to fight insurance fraud. After a mid-year launch, the Coalition Against Insurance Fraud quickly established itself as the leading advocate of insurance fraud reforms. CFA also worked with consumer and community groups to advance anti-redlining legislation in the House. Different bills were approved by Energy/Commerce and Banking committees.

Residential Real Estate Practices: CFA continued its campaign to ensure that home buyers and sellers receive better and lower cost service from real estate agents. To inform buyers about agency representation, with the National Association of Realtors we initiated a campaign to improve state agency disclosure laws, and with the American Association of Retired Persons, we distributed tens of thousands of copies of a pamphlet for home buyers and sellers. To reduce discrimination against buyer brokers and discounters, we released a study that was widely reported on by the press. Later in the year, to strengthen state regulation, with AARP we began developing a survey of state real estate commissions. CFA also worked to rescind new RESPA rules that weaken consumer protections. As well as complaining to the Department of Housing and Urban Development, we filed an amicus brief on a related lawsuit.

Investor Protections: CFA worked at both federal and state levels on needed investor protections. To support federal legislation to improve regulation of financial planners, we worked with Congressional supporters, wrote to senators and organized a coalition letter to House Banking Committee members. An adequate bill was approved by the House, while an inadequate one passed the Senate. Differences must be resolved in conference. In Massachusetts and Colorado, we also supported improved financial planner regulation. To back federal legislation reforming limited partnership roll-ups, we lobbied and wrote letters to selected senators and representatives. A weak compromise bill was approved by Congress. At the Security and Exchange Commission, with AARP we submitted comments on securities arbitration and sale of mutual funds.

Strategies

CFA pursued several strategies in advocating more than 30 issues considered by Congress, federal regulatory agencies, federal courts, and state governments in 1993. 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	Kimmelman	Cable-telco
	FCC	Kimmelman	Cable Act
	FCC	Cooper	Cable Act
February	House Banking	Lewis	Credit availability
	FCC	Cooper	Cable Act
	House Banking	Lewis	Community development
March	House Gov't Operations	Lewis	Credit availability
	Fed Housing Finance	Lewis	FHFB system
April	FCC	Kimmelman	Video dialtone
	House Banking	Lewis	Insurance redlining
	FCC	Stillman	Cable Act
May	House Banking	Lewis	Escrow accounts
	FCC	Stillman	Cable Act
	House Environment	Fise	Indoor air/radon
	U.S. District Court	Kimmelman	Cable-telco
June	FCC	Stillman	Cable Act
	House Gov't Operations	Lewis	Gov't checkcashing
July	FCC	Cooper	Cable Act
	U.S. District Court	Kimmelman	Cable-telco
	House Energy/Commerce	Fise	Radon
	FCC	Stillman	Cable Act
	Comptroller	Lewis	RESPA
	FCC	Kimmelman	Cable Act
August	House Banking	Lewis	Interstate banking
	HUD	Lewis	RESPA
	FCC	Stillman	Cable Act
	Joint Agency	Lewis	CRA
September	FCC	Cooper	Cable Act
	Senate Commerce	Kimmelman	Phone regulation
	House Banking	Lewis	Regulatory burden
October	Senate Banking	Lewis	Interstate banking
November	House Energy/Commerce	Lewis	Indoor air
	Senate Judiciary	Cooper	BA/TCI merger
	California Assembly	Stillman	Cable Act
	U.S. Court of Appeals	Stillman	Cable Act
December	FCC	Stillman	Universal service

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, children's safety, new investor protections, reform of residential real estate brokerage practices, and insurance fraud. 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, targeted key health and safety legislative priorities, provided critical support on many legislative and regulatory initiatives, published four issues of a newsletter, and conducted 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.

General	<i>CFA's Congressional Voting Record</i> (Stillman) <i>The Worst Consumer Ripoffs: Abuses and Needed Protections</i> (Brobeck, NACAA)
Banking	<i>Crushing Consumers: Rising Bank Fee Burden</i> (Lewis, US PIRG) <i>Bounced Checks: Billion Dollar Profits</i> (Lewis)
Telecommunications	<i>Consumer Concerns About HR 3636</i> (Cooper, Stillman) <i>A Consumer Roadmap to the Information Superhighway</i> (Cooper)
Real Estate	<i>Real Estate Agent Disclosure to Home Buyers: An Evaluation</i> (Brobeck, Feldpausch) <i>Disclosure by Traditional Real Estate Brokers Against Alternative Brokers: An Assessment</i> (Brobeck)
Consumer Literacy	<i>College Student Consumer Knowledge: The Results of a Nationwide Test</i> (Brobeck) <i>Consumer Desire for Independent Product Information</i> (Brobeck, AARP)

3. Public Education: The Press

In addition to reacting to numerous stories, CFA frequently made news. In 1992, we generated 25 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 several op ed essays that were published in newspapers.

Consumer Education

Tele-Consumer Hotline

In 1984, CFA joined with the Telecommunications Research and Action Center, a CFA member, to establish a new information service for those confused by recent changes in phone service. Managed by CFA and TRAC, over the past ten years the Hotline has served more than 400,000 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 1993, the Hotline responded to about 60,000 individual information requests.

Consumer Literacy

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.

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. By the end of 1993, the group was reviewing messages for 27 types of products and had begun conducting its own research on what information consumers need and want.

Radon Education

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, working through state and local consumer groups, we expanded our outreach geographically — from eight to thirteen states — and the scope of our focus — from radon to all indoor air quality threats. At year's end we were ready to launch a radon hotline that would counsel consumers whose homes had high radon levels.

Member Services

Conferences

The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly '93, the nation's largest annual consumer conference. More than 500 persons in attendance heard speakers including Alexis Herman and Kevin Phillips address issues related to the theme of "The Consumer Movement in a New Political 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 featured debates among policymakers, regulators, and consumer advocates. And in December, more than 180 persons participated in CFA's ninth annual financial services conference, which addressed banking, investment, insurance and real estate issues, and featured keynote speeches by Comptroller of the Currency Eugene Ludwig and by Andy Tobias.

Publications

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 1993 policy resolutions adopted at the Annual Meeting and the 1992 Congressional Voting Record, CFA's rating of Congressional performance on consumer issues during the previous year.

State and Local Resource Center

CFA's State and Local Resource Center exists to strengthen state and local member groups by supplying them with information, technical assistance, and resources. The Center prepared and sent ten mailings with information on state issues, new publications, group news, and funding opportunities. Throughout the year, CFA staff responded to several hundred informational requests from representatives of member groups.

The Resource Center's state and local grants fund continued to make small grants to help state and local groups strengthen their organizations. With funding from Consumers Union, the Center was able to grant \$128,000 to 25 different organizations.

Again with funding from Consumers Union and other CFA member groups, CFA also provided more than \$20,000 in travel grants to grassroots activists to attend Consumer Assembly, technical training workshops, 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.

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Finances

In 1993, CFA came very close to meeting its financial targets. At the beginning of the year, a near-balanced budget was projected, and at year's end, a near-balanced budget had been achieved.

For the third consecutive year, income exceeded one million dollars. 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 approximately \$400,000.

	1992	1993
Income	\$1,074,187	\$1,136,243
Expenses	1,078,369	1,137,165
Surplus	(4,182)	(922)
Total Fund Balances	\$ 475,408	\$ 474,486



