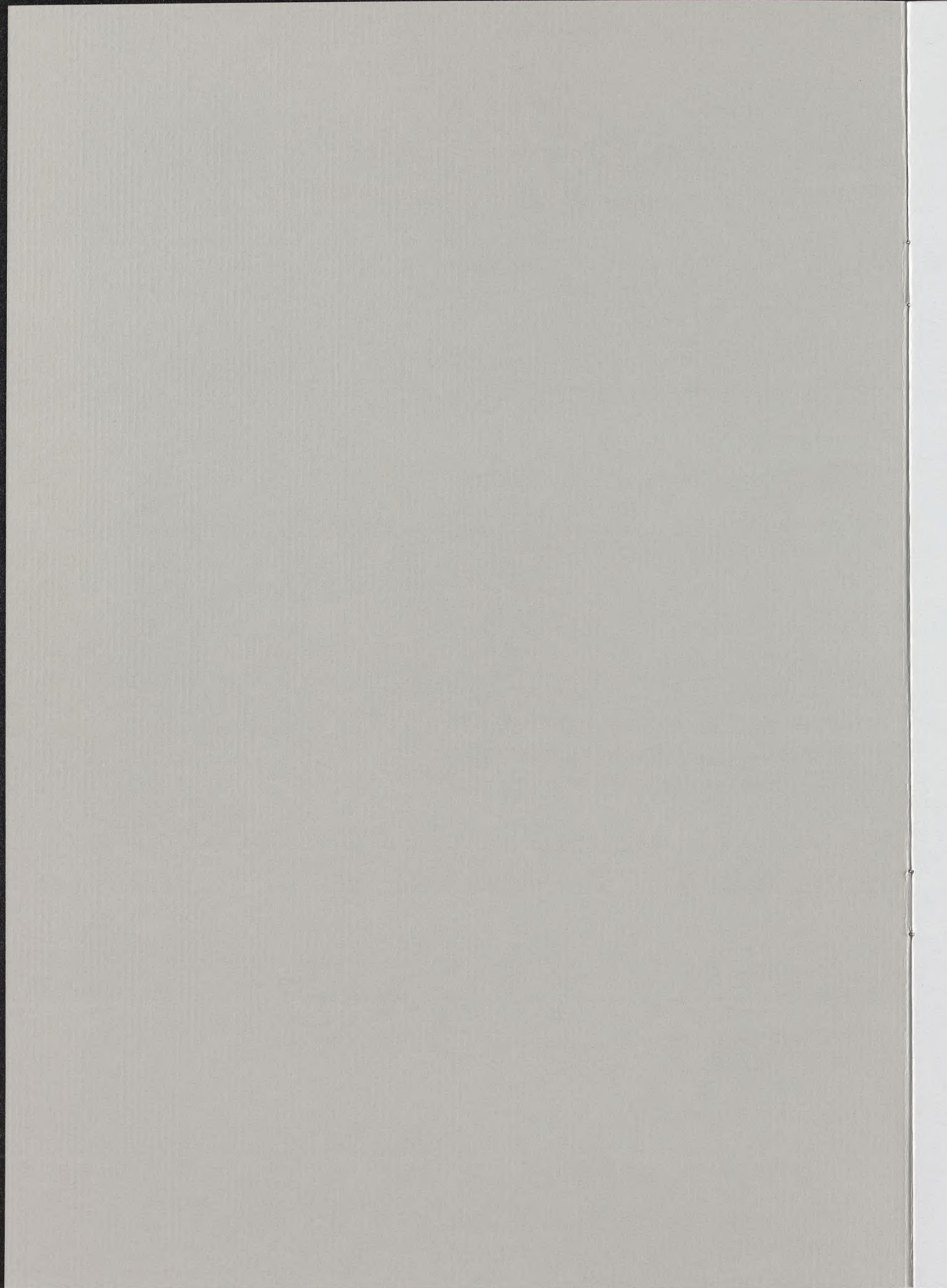

Consumer Federation
of America



1994

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 1994 activities and accomplishments.

1994 was a frustrating year for CFA lobbyists. While Congress passed new child safety and home equity loan protections, it came close but failed to agree on pro-consumer indoor air quality, radon, fair credit, investment adviser, and telecommunications legislation.

Despite these near-hits, CFA's advocacy and related research influenced not only public policy but also industry practices. Studies on "electronic redlining," the closing of poison control centers, Federal Trade Commission mismanagement, and real estate agency and compensation had especially large impacts.

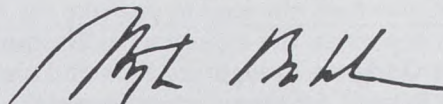
During the year, CFA launched several new educational campaigns related to indoor air quality, consumer complaint resolution, and assistance for those in financial difficulty. For each, we built coalitions of public, private, and non-profit agencies.

The substantial financial surplus that we generated during the year permitted us to upgrade our telephone and computer systems. It also allowed us to cover the initial costs of organizational expansion.

At year's end, both Senator Metzenbaum and the National Insurance Consumer Organization joined CFA. The senator, Bob Hunter, Jim Hunt, and Kathleen O'Reilly greatly increase the capability of the organization to represent the consumer interest in Washington and in the states.

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 black ink, appearing to read "Stephen Brobeck". The signature is fluid and cursive, with the first name being more prominent.

Stephen Brobeck
Executive Director
March 18, 1995

Advocacy

Major Accomplishments

Congressional Candidate Endorsements: CFA endorsed 149 candidates for the House and Senate. These endorsements were based on evaluation of the voting records of incumbents and of questionnaires submitted by challengers. For endorsees, we prepared and mailed press releases to constituent press. Many candidates used these endorsements in their mailings and ads. Even though 78% of our endorsees won, this percentage was lower than in previous elections, and no CFA-endorsed challengers were elected.

Telephone Industry Consumer Protections: Both the House and Senate considered legislation that would restructure the telephone industry. CFA led the effort to help ensure that this legislation adequately protected consumers. On the Hill, this advocacy included working closely with key Congressional leaders and communicating with other members through testimony, letters, and individual visits. While the House passed legislation with some pro-consumer provisions, pro-consumer legislation in the Senate was blocked by Republicans. Nevertheless, our advocacy — which also included interventions in several states and the release of reports on universal service, Bell company overcharges, and “electronic redlining” — apparently was instrumental in building societal consensus that unfettered Baby Bell expansion would be anti-consumer.

Consumer Banking Protections: CFA worked for a broad array of new consumer protections related to low-income services, home equity loans, and fair credit reporting. While progress was made in Congress and federal regulatory agencies, few new protections were established. With other consumer groups, we lobbied for new home equity loan protections that were incorporated in community development bank legislation that passed both houses and was signed into law. With these groups, we also lobbied fair credit reporting bills that also passed both houses, but whose conference report was blocked in the Senate. Throughout the year, we raised consumer and policymaker awareness of escalating bank fees and the widening spread between saving and loan rates by releasing widely covered studies.

Child Safety: CFA was particularly active on the Hill and at the Consumer Product Safety Commission on child safety issues. We lobbied Congress on new safety protections related to toys and bike helmets. These protections were approved and signed into law. We advocated legislation requiring labels on 5-gallon buckets (and prepared a model disclosure for states). The Senate approved such legislation and, while the House failed to act, the CPSC issued a notice of proposed rulemaking on the issue.

CFA also took the lead to preserve the funding of local poison control centers. Release of our report on the topic led to extensive media coverage and an opportunity to testify before Congress though at year's end the issue remained unresolved. In addition, with the PIRGs we continued our campaign to improve playground safety by releasing another widely publicized report and advising state and local agencies on the subject.

Improved Air Quality: CFA continued to support radon and indoor air quality legislation in both houses through lobbying, media interviews, and newspaper op ed essays. A radon bill passed the House, and indoor air legislation passed both houses. But the House and Senate could not reach agreement on either issue. Through the Coalition for Consumer Health & Safety, CFA also supported several bills to restrict nonsmoker exposure to environmental tobacco smoke. Congress did approve legislation to ban smoking in children's programs that receive federal funding.

Investor Protections: CFA continued to work for legislation to improve oversight of investment advisers. Both the House and Senate passed investment adviser legislation but ran out of time to resolve differences between their bills. Through participation on

its Consumer Advisory Committee and other communications, CFA also urged the Securities and Exchange Commission to improve the effectiveness of its regulatory efforts.

Insurance Reform: CFA continued to take leadership on selective insurance issues. We helped lead a new push to repeal the industry's antitrust exemption by facilitating, then supporting a new consumer-industry compromise. Although this bill gained more Congressional support than earlier legislation, it was not voted on by either the full House or Senate. CFA also continued its efforts to reform credit life insurance. With the National Insurance Consumer Organization, we released a widely covered report showing that reforms we had been advocating were saving consumers hundreds of millions of dollars each year.

Cable TV Protections: CFA continued to work for pro-consumer implementation of the 1992 Cable Act. Early in the year, when this law was under attack, we were its leading defender. Most of our advocacy, however, involved working with Rep. Markey, filing comments at the FCC, and meeting with FCC staffers, including the Chairman, to influence new regulations issued by the Commission. Late in the year, the FCC issued new rules that improved regulation of "a la carte" programming but permitted unwarranted rate increases for the addition of new programming to the regulated tier of services.

Residential Real Estate Brokerage Reform: CFA continued its campaign to ensure that home buyers and sellers receive better and lower cost service from real estate agents. As evidence of the success of our earlier advocacy to end subagency mounted, we spoke frequently to real estate reporters who were increasingly independent of the industry. To clarify and evaluate emerging alternatives to subagency, we released a report on agency that was extensively covered by the press and generated much debate about agent commission levels.

A second CFA goal was to increase the independence and effectiveness of state real estate regulators. In a keynote speech at their annual conference, we made our case. Soon after, with the American Association of Retired Persons, we released a detailed report on the structure and resources of state real estate commissions that was widely reported on by the press and sent to state regulators.

Federal Trade Commission Reform: Throughout the year, we conducted an evaluation of the extent to which the FTC was pursuing pro-consumer policies and practices. This investigation revealed mismanagement of its redress and civil penalty collection programs that have cost consumers tens of millions of dollars. Our release of a report documenting this mismanagement persuaded the FTC to begin reforming the program.

Strategies

CFA pursued several strategies in advocating more than 30 issues considered by Congress, federal regulatory agencies, federal courts, and state governments in 1994. 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	Fed Reserve Board	Lewis	Truth-in-savings
	House Banking	Lewis	Mutual banks
February	House Energy/Commerce	Cooper	Phone regulation
	House Banking	Lewis	CRA
	House Agriculture	Neidle	Meat inspection
	FCC	Stillman	Cable TV regulation
	Senate Banking	Lewis	Mutal banks
March	House Banking	Lewis	Real est. appraisal
	House Energy/Commerce	Lewis	Bank mutual funds
	Department of Justice	Stillman,	Telecom merger
		Cooper	
	House Banking	Lewis	Bank mutual funds
	Treasury	Lewis	CRA
April	House Government Ops	Fise	Poison control
	FCC	Stillman	Cable TV regulation
	CPSC	Fise	CPSC priorities
May	U.S. Court of Appeals	Fise	Chicken labeling
	Senate Commerce	Cooper	Phone regulation
June	House Banking	Lewis	Consumer credit
	House Banking	Lewis	Bank fees
	FCC	Stillman	Phone co. expansion
July	FCC	Stillman	Phone co. expansion
	House Energy/Commerce	Cooper	PUHCA
	FCC	Stillman	Cable TV regulation
	House Government Ops	Fise	Video games
August	CPSC	Fise	Furniture safety
	OSHA	Fise	Indoor air quality
	CPSC	Fise	Plastic buckets
September	CPSC	Fise	Toy safety
	CPSC	Fise	Baby walkers
	HUD	Lewis	RESPA
October	CPSC	Fise	Bicycle helmets
	U.S. Court of Appeals	Stillman	Phone co. expansion
November	NAIC	Stillman	Insurance antitrust
December	FDA	Fise	Cosmetics
	Commerce	Stillman	Phone regulation
	FCC	Stillman	Video dialtone

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 telephone rate restraint, improved indoor air quality, improved outdoor 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. The Coalition for Consumer Health & Safety,

a coalition of 40 consumer, health, and insurer groups that 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: The Press

In addition to reacting to numerous stories, CFA frequently made news. In 1994, we generated 32 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 op ed essays that were published in *USA Today*, *Washington Post*, and *Scripps-Howard* (2).

4. 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, Gordon) <i>Consumer Ripoffs and Needed Protections</i> (Brobeck with NACAA)
Telecommunications	<i>Providing Universal Service and Protecting Consumer Rights in the Information Age</i> (Cooper) <i>Milking the Monopoly: Excess Earnings and Diversification of the Baby Bells Since Divestiture</i> (Cooper) <i>Local Exchange Costs and the Need for a Universal Service Fund</i> (Cooper)
Banking	<i>Savings Account Interest Rates: Are Banks Paying Consumers Too Little?</i> (Brobeck) <i>ATMs: High Tech Cash Cows</i> (Lewis, Shields)
Insurance	<i>Credit Life Insurance Revisited II</i> (Brobeck with NICO)
Real Estate	<i>Real Estate Commissions: A Report</i> (Brobeck with AARP) <i>Changes in Real Estate Representation: Implications for Consumers</i> (Brobeck)
FTC	<i>The FTC Penalty Collection and Distribution Programs: An Assessment</i> (Ponder)
Product Safety	<i>Who Are You Going to Call? A Report on Poison Control Center Closings and Reduced Services</i> (Fise, Marino) <i>Playing It Safe: The Second Nationwide Safety Survey of Public Playgrounds</i> (Fise with U.S. PIRG) <i>Consumer Health & Safety: Progress and Priorities for Congress and the Federal Agencies in 1994</i> (Neidle with CCHS)

Consumer Education

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. This test, supplementary knowledge tests, and related roundtable discussions laid the groundwork for CFA's establishment, in late 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 1994, the group had neared agreement on 66 essential messages related to 28 products and was developing a multi-stage strategy to communicate these messages throughout the country.

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 1994, the Hotline responded to about 50,000 individual information requests about telephone services. It also began handling calls from consumers whose homes had high radon levels.

Radon/Indoor Air Quality 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 and other indoor air pollutants in their homes. Most of this work was done in partnership with sixteen state or local consumer groups. With assistance from CFA, these groups encouraged consumers to test their homes for radon and to utilize a CFA checklist on indoor air quality. They also promoted pro-consumer policies on radon in their states. CFA also assisted the Tele-Consumer Hotline's Radon Fix-It Line, which provided information to nearly 4000 consumers whose homes had high radon levels. In addition, CFA managed the development of television and radio public service announcements on radon hazards.

Member Services

Conferences

The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly 1994, the nation's largest annual consumer conference. More than 400 persons in attendance heard speakers including Senator Howard Metzenbaum, Esther Peterson, SEC Chairman Arthur Levitt, USDA Assistant Secretary Ellen Haas, and Surgeon General Joycelyn Elders address issues related to the theme of "New State and Federal Consumer Initiatives."

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, 150 persons participated in a conference on consumer utility issues that featured keynote speeches by FCC Chairman Reed Hundt and syndicated columnist Michael Schrage. And in December, more than 160 persons participated in CFA's tenth annual financial services conference, which addressed banking, investment, insurance and real estate issues, and featured keynote speeches by Treasury Assistant Secretary Richard Carnell and author Martin Mayer.

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 1994 policy resolutions adopted at the Annual Meeting and the 1993 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 \$95,375 to 29 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 1994, CFA unexpectedly generated a surplus of \$113,946, which brought fund balances to their highest level ever. This surplus resulted from above-budget income increases related to the Awards Dinner, general contributions, honoraria, forums, the Coalition for Consumer Health & Safety, and the radon/indoor air project. It will be used to cover expenses related to organizational expansion (i.e., Senator Metzenbaum and NICO), upgrading of office equipment (phones and computers), and necessary increases to the reserve fund, which is targeted at one-half of the annual core budget.

	1993	1994
Income	\$1,136,243	\$1,463,997
Expenses	1,137,165	1,350,051
Surplus	(922)	113,946
Total Fund Balances	\$ 474,486	\$ 588,432



