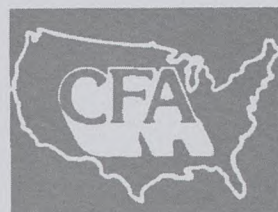
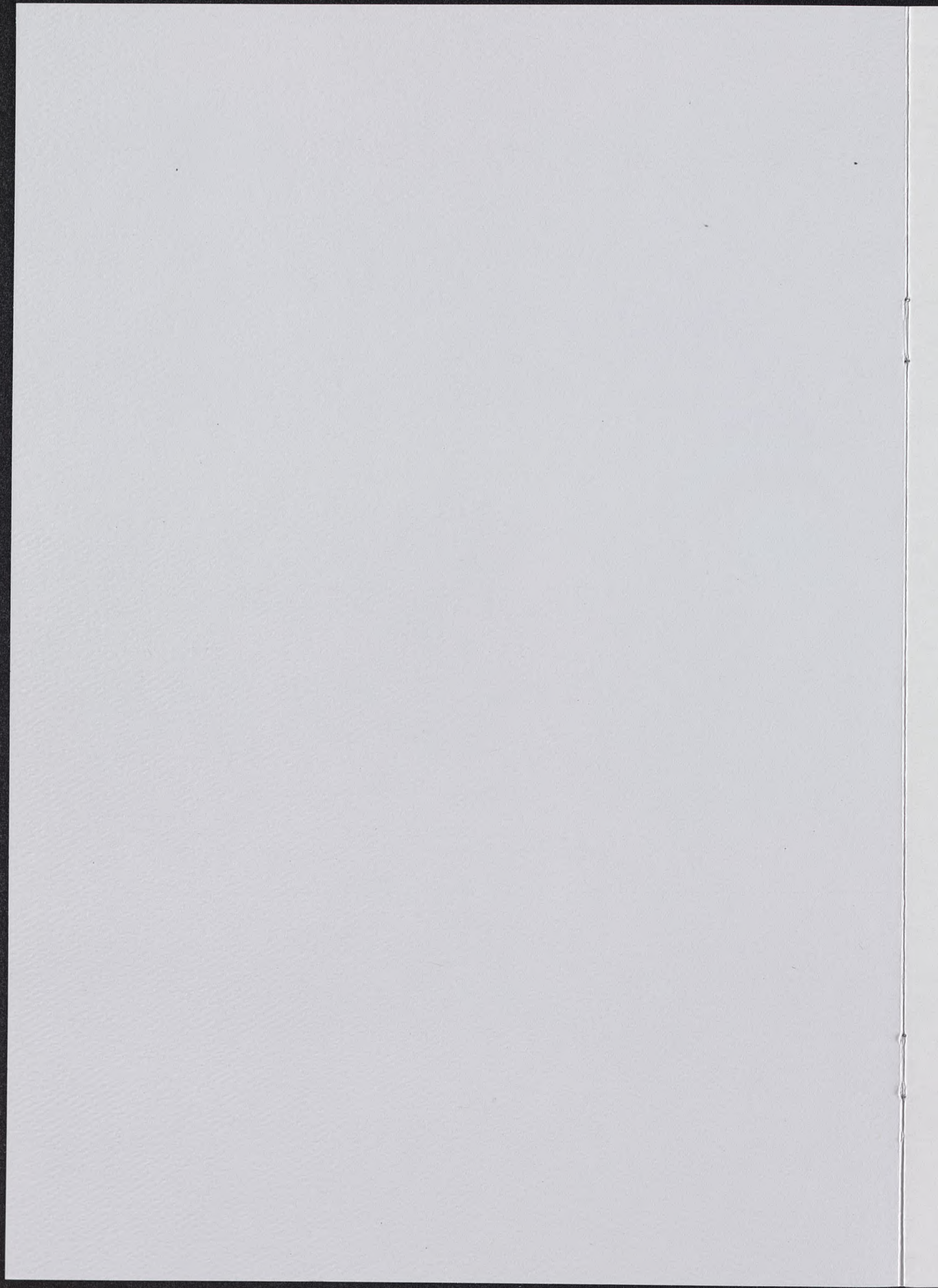

Consumer Federation
of America



1996

ANNUAL REPORT

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



Dear CFA Member:

I am pleased to submit the following report on CFA's 1996 activities and accomplishments.

CFA was especially active, with mixed success, seeking to protect the consumer interest as Congress considered legislation on telecommunications, electric utilities, investor protections, product liability, natural disaster insurance, auto leasing, and indoor air quality. We made greater progress pursuing these and other issues at federal agencies.

To support this advocacy or to develop new issues, CFA completed numerous policy-related studies. Most of this research was reported on by the press.

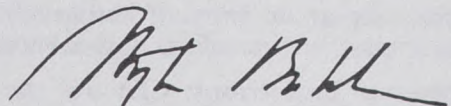
CFA's efforts to assist individual consumers continued to expand. We distributed hundreds of thousands of copies of existing pamphlets on saving money, complaining effectively, managing debts, and reducing indoor air pollution. We produced and gave out tens of thousands of copies of new publications on consumer cooperatives, telephone scams, and clean cars. We also ran one toll-free hotline, supported another, tested a third, and analyzed cash-value life insurance policies.

CFA increased its efforts to support consumer cooperatives (and public power systems) and to defend them from attack by for-profits. We not only distributed the consumer co-op pamphlet to individuals but also sent it to the media, generating press coverage. With CUNA, we prepared studies comparing credit union and bank fees and rates then, with CUNA and NAFCU, defended credit unions on the Hill, at the U.S. Supreme Court, and in the press against attacks by banks. Throughout the year, we worked with APPA and NRECA to preserve PUHCA and PMAs.

One exciting new development was the decision by Consumers Union to fund significant expansion of our state and local resource programs. State and local leaders worked with CU and CFA staff to plan new strategies for strengthening existing groups and organizing new ones.

These accomplishments were made possible by your support and encouragement. I and other CFA staffers thank you for this backing and look forward to working with you in the coming year.

Sincerely,



Stephen Brobeck
Executive Director
March 22, 1997

Advocacy

Major Accomplishments

Telecommunications Consumer Protections: CFA was the lead consumer group that lobbied for major telecommunications legislation which Congress approved in February. Two staffers spent most of their time the rest of the year dealing with changes resulting from this law. To support a pro-consumer FCC rule on local competition, we submitted comments, communicated with agency staffers, worked with pro-consumer members of Congress, and educated the public through release of a profitability study. To urge a pro-consumer FCC rule on universal service, we prepared a major study, submitted comments to the FCC, organized consumer group comments to the agency, and testified before the Federal State Joint Board. To persuade the FCC to change its policy on access charges, we organized a consumer coalition, submitted joint comments to the agency, and communicated individually with its leaders. To oppose proposed Bell company mergers, we prepared analyses which we communicated to federal and state policymakers and to the press. To support pro-consumer policies at the state level, we testified before public service commissions in Texas, Missouri, Oklahoma, Arkansas, and New Jersey. At year's end, none of these issues had been resolved.

Product Safety: CFA continued to take the lead among consumer groups in advocating improved product safety. To support an effective CPSC, we coordinated a consumer coalition, lobbied Congress, and testified before a Senate committee. At the Commission, we gave testimony on agency priorities, submitted comments on bicycle helmets, sent a letter on crib slats, and urged the agency to strengthen its voluntary guidelines on playground safety. The latter followed the release of a nationwide survey and model law, with U.S. PIRG, that was widely covered by the press.

Insurance Regulation: CFA led the opposition to an industry bill that would have shifted natural disaster costs from the industry to taxpayers. Our efforts — which included lobbying senators, testifying before the National Academy of Sciences, and giving media interviews — played an important role in the death of this legislation. CFA's other major insurance initiative was working for an autonomous, effective NAIC by preparing and releasing a major report, communicating with individual regulators, and giving numerous press interviews.

Auto Leasing Protections: CFA took the lead in seeking new auto leasing consumer protections. To support congressional legislation, we worked with its sponsor, helped organize a press conference, and coordinated a consumer coalition. To urge the Fed to issue a strong rule, we spoke with individual governors and submitted comments. To encourage the FTC to do the same, we communicated with commissioners and sent them a report on Internet leasing ads. We also encouraged media to cover the issue. The impact of our efforts was acknowledged publicly by the Chairman of the FTC.

Investor Protections: CFA was the lead consumer group opposing the weakening by Congress of existing investor protections. Our efforts included coordinating consumer group efforts, communicating with the House and Senate and with conferees, releasing research on investor ignorance and on the quality of state investment adviser oversight, and encouraging press coverage of the issue. With allies, we succeeded in moderating final legislation.

Indoor Air Quality: CFA continued to lead advocacy efforts for cleaner indoor air. Our lobbying of Congress helped preserve funding for EPA's indoor air quality program. This agency consulted us on a wide variety of indoor air issues.

Children's Privacy: CFA, along with CME, submitted proposed guidelines to the FTC to address the collection of personal information from children online. CFA and CME also submitted a complaint to the FTC regarding particular companies' egregious practices in collecting information from children.

FDA Integrity: CFA opposed legislation weakening the FDA by lobbying congressional offices, organizing a consumer coalition, and mobilizing grassroots communications. The legislation was approved by neither the House nor the Senate.

Banking Structure and Regulation: CFA defended the credit unions against bank attacks, released research criticizing bank mergers, and worked with consumer groups and regulators on bank sale of insurance. None of these issues was resolved.

Drinking Water Quality: CFA worked with the consumer/environmental coalition that successfully lobbied safe drinking water legislation. A CFA representative introduced President Clinton at the bill-signing ceremony.

Electricity Regulation: CFA worked with APPA and NRECA to successfully defend existing consumer protections (PUHCA) and programs (PMAs). We also prepared detailed analysis of deregulation proposals that, by year's end, we had begun to communicate to federal and state policymakers.

Product Liability "Reform": CFA lobbied the White House and Senate, and published two op-ed articles, opposing anti-consumer product liability legislation that passed Congress but was vetoed by President Clinton.

Defense of U.S. Office of Consumer Affairs: CFA helped coordinate supporters of this office to oppose its closure. Continued funding was appropriated.

Child Labor Abuses: After carrying out a campaign that included holding a press conference outside the Pakistani embassy, meeting with its ambassador, and writing to all the major soccer associations and soccer ball manufacturers, CFA and other groups persuaded the soccer ball industry to curb child labor abuses in this industry.

Congressional Candidate Endorsements: CFA endorsed 173 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. 118 of these endorsed candidates won.

Strategies

CFA pursued several strategies in advocating nearly 30 issues considered by Congress, federal regulatory agencies, federal courts, and state regulatory agencies. These strategies included congressional and regulatory lobbying, coalition building and grassroots networking, advocacy-related research, and dissemination of information to the press.

I. Congressional and Regulatory Lobbying

CFA's principal lobbying strategy was communicating information and viewpoints to members of Congress, congressional staffers, and regulators. Most of these communications took place in letters, individual conversations, and meetings. But their extent is suggested by the number of testimonies, comments, and petitions submitted to congressional committees or regulatory agencies, and by court-related actions.

Month	Committee/Agency	CFA Rep	Issue
January	FCC	Stillman	Time Warner merger
February	CPSC	Fise	Bicycle helmets
April	FCC	Stillman	Access charges
	Senate Commerce Joint Board	Fise	CPSC reauthorization
	FCC	Stillman	Universal service
	Fairfax County FCC	Cooper	Universal service
May	Fairfax County FCC	Brobeck	Consumer office
	FCC	Stillman	Competition
	FCC	Stillman	Rates
June	Texas PUC	Cooper	Electric restructuring
	FCC	Cooper	Video dialtone
July	FTC	Fise	Children's privacy
	CPSC	Fise	CPSC priorities
August	FCC	Stillman	HD-TV
September	FCC	Cooper	Universal service
	FTC	Ponder	Lemon buybacks
	FCC	Stillman	HD-TV
October	Joint Board	Cooper	Universal service
November	Appeals Court	Cooper	Telecom competition
	FDA	Fise	Cosmetic safety
	Fed	Ponder	Consumer leasing
	FDA	Fise	Cosmetic safety
December	Supreme Court	Brobeck	Credit unions
	FTC	Fise	Children's privacy
December	NAIC	Hunter	Internet marketing
	SEC	Roper	Broker regulations
	Court of Appeals	Metzenbaum	Hospital merger
	CPSC	Fise	Cribs

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 and cable rate restraint, auto leasing protections, new investor protections, improved indoor air quality, and children's safety. Our most ambitious coalition and networking efforts involved consumer health and safety. The Coalition for Consumer Health & Safety, a coalition of 39 consumer, health, and insurer groups that we organized in 1988, worked on related federal policy issues and educated consumers through PSAs and hidden product hazard pamphlets.

3. Public Education: The Press

In addition to reacting to numerous stories, CFA frequently made news. In 1996, we generated 26 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 news programs. Also, we wrote op-ed essays or letters that were published in the *Washington Post* (2), *International Herald Tribune*, *Newsday*, *Mother Jones*, *National Underwriter* (3), and Scripps Howard News Service.

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> (Gordon) <i>Fifth Annual Consumer Complaint Survey</i> (Brobeck, NACAA)
Telecommunications	<i>Excess Profits and the Impact of Competition on the Baby Bells</i> (Cooper) <i>Universal Service: An Historical Perspective and Policies for the 21st Century</i> (Cooper, Benton Foundation) <i>A Consumer View of Missouri Telephone Regulation</i> (Cooper)
Insurance	<i>Auto Insurance Efficiency: Price and Customer Service</i> (Hunter) <i>Auto Insurance Efficiency Rankings of 496 Leading Companies</i> (Hunter) <i>Current Threats to Effective State Regulation of Insurance</i> (Hunter)
Banking	<i>Bank Mergers and the Consumer Interest</i> (Brobeck) <i>Credit Union vs. Bank Fee Comparisons</i> (Brobeck, CUNA) <i>Consumer Loan and Savings Rates</i> (Brobeck, CUNA)
Securities	<i>Investment Adviser Regulation</i> (Roper)
Product Safety	<i>Report and Model Law on Public Play Equipment and Areas</i> (Morrison, Fise) <i>Playing It Safe: A Third Nationwide Survey of Public Playgrounds</i> (Fise, U.S. PIRG) <i>Caller Reactions to the Environmental Protection Agency's Indoor Air Quality Clearinghouse Hotline</i> (Cooper, Fise)

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 our founding, in late 1992, of a Consumer Literacy Consortium to develop and disseminate "essential consumer knowledge." The Consortium, made up of 25 leading consumer educators, continued to publicize important messages contained in the 1995 pamphlet, "66 Ways to Save Money." By year's end, more than 500,000 copies of this publication — the most popular one offered by the U.S. Consumer Information Center — had been distributed.

Tele-Consumer Hotline

In 1984, CFA joined with the Telecommunications Research and Action Center to establish a new information service for those confused by recent changes in phone service. Managed by CFA and TRAC, over the past 13 years the Hotline has served more than 400,000 individual consumers and reached millions more through 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 1996, the Hotline responded to about 25,000 individual information requests about telephone services and developed an Internet web-site that also disseminated related information.

Radon/Indoor Air Quality Education

At the request of the Environmental Protection Agency, CFA continued work on a national campaign to inform citizens of the potential dangers of radon gas and other indoor air pollutants in their homes. Much of this work was done in partnership with 15 groups in 14 states who have undertaken projects ranging from poster contests for school students to education of engineers and architects. In addition, we developed TV, radio, and print public service announcements that have been distributed to thousands of media outlets. We have also continued to manage a toll-free Radon Fix-It Line which was contacted by more than 5000 homeowners with high radon levels.

Other Education

During the year, CFA released and distributed tens of thousands of copies of three new consumer pamphlets — "The Cooperative Difference," "Making the Best Call," and "Clean Cars Clean Air." In this period, we continued to distribute numerous copies of three other brochures — "How to Resolve Your Consumer Complaint," "Managing Your Debts," and "How Healthy Is the Air In Your Home?" We also evaluated hundreds of cash-value life insurance policies for individual consumers.

Member Services

Conferences

The most important CFA meetings were held during a four-day period in March. The most widely publicized was Consumer Assembly '96, the nation's largest annual consumer conference. Nearly 400 persons in attendance heard speakers including Senator Paul Wellstone, Anne Bingaman, Ellen Haas, Mark Green, and Rhoda Karpatkin address issues related to the theme of "The Consumer Movement in a Dynamic Political and Economic Environment."

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 and others. In May, 170 persons participated in a conference on consumer utility issues that featured a keynote speech by Judge Harold Greene. In December, 170 persons participated in CFA's twelfth annual financial services conference, which featured keynote speeches by Federal Reserve Board Governor Lawrence Lindsey and Congressman Barney Frank.

Publications

CFA member organizations received two regular publications.

- Eight issues of CFA's newsletter, *CFAnews*, which reports consumer news and CFA advocacy.
- 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 1996 policy resolutions adopted at the Annual Meeting and the 1995 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 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 grants to help state and local groups strengthen their organizations. With funding from Consumers Union, the Center was able to grant \$64,815 to 22 different organizations.

Again with funding from Consumers Union and from other CFA member groups, CFA also provided more than \$30,000 in travel grants to grassroots activists to attend Consumer Assembly, technical training workshops, a telecommunications forum, 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.

Finances

CFA continued to enjoy financial stability. 1996 income and expenses were remarkably similar to those in 1995. Nearly half of the 1996 surplus of \$55,624 represented monies received late in the year that were paid out in January 1997. About 40% of all revenues were passed through to state or local groups, or other nonprofits, in grants and contracts.

A payroll of less than \$500,000 continued to support more than 20 full-time or part-time staffers. Total staff compensation was low, in large measure, because Senator Metzenbaum, Bob Hunter, and Jim Hunt worked pro bono and because no staff salary exceeded \$60,000.

	1995	1996
Income	\$1,717,525	\$1,710,764
Expenses	1,637,517	1,655,122
Surplus	80,008	55,642
Net Assets	\$ 695,283	\$ 750,925



