
Consumer Federation of America
Consumer Federation of America Foundation



1999

ANNUAL REPORT



Dear CFA Member,

I am pleased to submit the following report on the 1999 activities and accomplishments of CFA and its Foundation.

The most encouraging development at CFA this past year was the return of Carol Tucker Foreman, past CFA Executive Director and USDA Assistant Secretary, as Distinguished Fellow and Director of our new Food Policy Institute. Also strengthening our food advocacy and education was the incorporation into CFA of Public Voice for Food and Health Policy and their two top staffers.

On Capitol Hill, we sought mainly to block anti-consumer legislation, with mixed success. Within the Executive Branch, however, our advocacy helped persuade agencies to introduce new bunk bed, privacy, drinking water safety, and food safety protections.

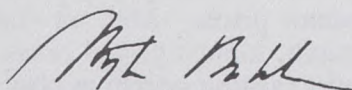
CFA's state advocacy continued to expand and was responsible for the improvement of state insurance department consumer services, new fringe banking protections, and the assurance, in many areas, of more competitive telecommunications services to consumers.

With grants from major national foundations, the CFA Foundation broadened its reach. New initiatives included ensuring adequate consumer input in international standard setting on genetically engineered foods, creating a comprehensive child safety website, persuading the FCC to respond to consumer concerns about digital TV, and developing a national campaign to promote lower income household saving.

With continuing support from Consumers Union, we provided extensive assistance to state and local groups, most notably, making more than \$100,000 in organizational capacity-building grants—renamed in honor of CFA's late Associate Director Ann K. Lower—and brokering several hundred thousand dollars of additional government and foundation grants.

Your support and encouragement made possible 1999 accomplishments. Our Chairman, Senator Howard Metzenbaum, CFA staffers, and I thank you for this backing and look forward to working with you in the coming year.

Sincerely,



Stephen Brobeck
Executive Director
March 18, 2000

Advocacy

Major Accomplishments

Antitrust Enforcement: CFA continued as the main consumer voice for adequate enforcement of federal antitrust laws, working closely with the American Antitrust Institute which we had helped create the previous year. We were leading critics of several proposed telecommunications mergers and one involving book publishers. We issued two widely reported studies of the consumer costs of the Microsoft monopoly. And, we were a leading opponent of drug patent extension legislation that was introduced in the House and Senate but did not move.

Auto Protections: We led the consumer coalition in support of a good Senate bill, and opposition to bad Senate legislation, on auto salvage protections. No action was taken on either bill. We also advised a House leader on the development of new auto leasing protections.

Banking Protections for the Less Affluent: Our research and leadership of the consumer coalition was insufficient to prevent both houses of Congress from passing bankruptcy legislation written by creditors. Our continuing leadership on the issue of payday loans — which included preparing several reports, filing an amicus brief, communicating with federal and state regulators, and organizing state and local advocates — was instrumental in the development of congressional legislation and the blocking of anti-consumer bills in several states.

Drinking Water Safety: We were the lead consumer group in the coalition that urged the EPA to improve public disclosures of violations of federal drinking water protections. After the agency issued a pro-consumer rule, we helped state and local groups analyze new data on related health hazards.

Electricity Consumer Protections: Between 1998 and 1999, CFA shifted its focus from state proposals to federal legislation. Our studies of price spikes and utility mergers were used by opponents of anti-consumer House legislation. Our congressional lobbying, testimony, and staff briefings helped mobilize opposition to this bill. At year's end we were helping build broad support for principles on which restructuring legislation should be based.

Food Safety: CFA's new Food Policy Institute, which also managed the Safe Food Coalition, took the lead on several congressional and federal regulatory food safety issues. We were a leading consumer voice in support of the Administration's proposal for a single federal agency to regulate food safety. We organized consumer reaction to FDA's food irradiation proposal and to USDA's listeria proposal. We worked closely with members of Congress who introduced bills on imported food safety and produce safety. And, we took the lead in mobilizing opposition to a lawsuit challenging the relatively new pro-consumer meat and poultry inspection system.

Food Affordability: After the food advocacy group, Public Voice, was incorporated into CFA, we became the principal consumer opponent of federal price supports for sugar, peanuts, and milk. Working with a broad coalition, we helped develop legislation to lower sugar and peanut prices. And, we challenged milk marketing orders and dairy compacts through research, lobbying, and press outreach. Unfortunately, congressional legislation basically left the existing system in place.

Insurance Protections: Our two insurance advocates, both former regulators, sought to advance the consumer interest on diverse issues ranging from mergers to demutualization. A series of reports we prepared on consumer services offered by state insurance departments was widely reported by the press and persuaded many departments to upgrade these services. Other state-based research on Y2K policy exclusions, Texas tort reform, and

medical malpractice reforms also received attention from the press, industry, and regulators. At the federal level, we continued to lead consumer opposition to federal disaster insurance, which was voted out of a congressional committee.

Investor Protections: CFA led the consumer coalition which sought to ensure that securities legislation being drafted would strengthen investor protections. We also took the lead among consumer groups in supporting legislation to make financial planning a tax-free employee benefit as well as regulations to eliminate certain conflicts of interest in broker compensation practices and to eliminate the pooling method of accounting for business combinations.

Privacy Protections: CFA's advocacy of new privacy protections expanded greatly, especially before the FTC where we vigorously supported new rules establishing consumer protections in global commerce and the effective implementation of a children's privacy law passed by Congress in 1998. Before Congress, we worked with other consumer groups to include privacy protections in financial services modernization legislation and to strengthen consumer protections in electronic signatures legislation. Weak privacy protections were included in the modernization bill. The Senate passed adequate electronic signatures protections, but the House failed to do so.

Product Safety: Most significantly, the CPSC proposed and issued a bunk bed rule which, for years, we had urged them to approve. We also worked with other public interest groups to promote legislation involving firearm safety, crib safety, and fire safe cigarettes. We continued, with USPIRG, to be the lead countrywide advocate for safe public playgrounds.

Telecommunications Protections: With Consumers Union, we led consumer opposition to several megamergers — SBC/Ameritech, GTE/Bell Atlantic, and AT&T/Media One. With CU, we also sought to persuade the FCC to reduce access charges. And, we worked with local groups in a dozen states either to promote local telephone competition or to oppose broadband monopolies.

Strategies

CFA pursued several strategies in advocating on more than 40 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 press outreach.

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 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 court-related actions.

Month	Committee/Agency	CFA Rep	Issue
January	Treasury	Fox	EFT '99
March	CPSC	Fise	Recalls
April	FCC Treasury	Cooper Fox, NCLC	Access charges EFT '99
May	House Agriculture CPSC House Banking House Commerce	Jaeger Fise Fox Cooper	Dairy program Bunk beds Bank regulation Electric restructuring
June	FTC, CPSC Trade Representative Jt. Economic Comm. House Judiciary	Fise, CU Jaeger Cooper Jaeger	Furniture fire hazards Sugar/peanut programs Microsoft monopoly Dairy compacts
July	EPA House Banking Senate Banking House Banking	Neidle Plunkett, CU, USPIRG Roper Hunter, Plunkett	Drinking water safety Privacy Securities regulation Disaster insurance
August	Senate Judiciary House Ways & Means Senate Governmental Affairs	Metzenbaum Jaeger Foreman	Drug patents Sugar/peanut programs Meat inspection
September	Alabama Supreme Court CFTC CPSC	Fox, AARP, NCLC Roper Fise	Payday loans Commodities trading Bunk beds
October	House Commerce NASD	Roper, others Roper, others	Securities regulation Broker compensation
November	FCC FDA	Cooper Foreman	Phone deregulation GMOs
December	Senate Banking	Fox	Payday loans

2. Coalition and Grassroots 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 maintaining coalitions to advance the consumer interest in food safety, food affordability, local telephone and Internet competition, broadcast protections, payday loans, auto salvage, children's safety, drinking water safety, and investor protections.

Our most ambitious grassroots networking involved coordinated national-grassroots campaigns on payday loans and drinking water safety. These efforts involved dozens of state and local advocacy groups.

3. Public Education: The Press

In addition to reacting to hundreds of stories, CFA frequently made news. In 1999, we generated 39 separate stories that were reported on by the national press. Also, we worked with other groups in organizing press conferences that led to additional stories. And, we placed a number of op-ed essays and letters to the editor.

Publication	Author	Issue
Washington Post	Metzenbaum	Bankruptcy
New York Daily News	Jaeger	Milk prices
USA Today	Cooper	AT&T/Media One merger
National Underwriter	Brobeck	Insurance regulation
Baltimore Sun	Cooper	Microsoft monopoly
Scrapps-Howard	Cooper	Long distance pricing
Washington Post	Metzenbaum, Cooper	Microsoft monopoly
Seattle Post-Intelligencer, other papers	Cooper	Microsoft monopoly
Los Angeles Times	Cooper, McEldowney	Internet access

4. Public Education: Research

CFA staff prepared many studies demonstrating the need for the adoption of new consumer protections 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>The Annual NACAA/CEA Consumer Complaint Survey</i> (Brobeck, Fox, NACAA)
Antitrust	<i>The Consumer Cost of the Microsoft Monopoly</i> (Cooper with MAP, USPIRG) <i>Economic Evidence in the Microsoft Antitrust Trial</i> (Cooper with MAP, USPIRG)
Banking	<i>Banks and Credit Unions: Keeping the Playing Field Level</i> (Cooper with Consumer Action) <i>Credit Card Debt</i> (Brobeck) <i>Credit Cards on Campus: Costs and Consequences of Student Debt</i> ; (Manning) <i>Safe Harbor for Usury: Recent Developments in Payday Lending</i> (Fox)
Communications	<i>The Consumer Case Against the SBC-Ameritech Merger</i> (Cooper with others) <i>The Digital Divide Confronts the Telecommunications Act of 1996</i> (Cooper with CU) <i>The Consumer Stake in Vigorous Competition in the Local Telephone Market</i> (Cooper) <i>Breaking the Rules: AT&T's Attempt to Buy a National Monopoly in Cable TV and Broadband Internet Services</i> (Cooper with CU, MAP) <i>Transforming the Information Superhighway into a Private Toll Road</i> (Cooper) <i>A Consumer Perspective on Economic, Social, and Public Policy Issues in the Transition to Digital TV</i> (Cooper) <i>Cyber Hazards for Internet Shoppers</i> (Gillis with Checkbook) <i>Keeping the Information Superhighway Open for the 21st Century</i> (Cooper)
Economic	<i>American Family Wealth: An Analysis of Recent Census Data</i> (Anderson)
Electricity	<i>Electricity Restructuring and the Price Spikes of 1998</i> (Cooper with CU) <i>Electricity Restructuring at the Federal Level</i> (Cooper with CU)
Government	<i>Consumer Satisfaction with the U.S. Postal Service</i> (Brobeck)
Insurance	<i>Consumer Information Available from State Insurance Departments</i> (Hunter) <i>Medical Malpractice Insurance</i> (Hunter) <i>Insurance Department Grades for Consumer Complaint Information</i> (Hunter) <i>Texas Tort Reform's Incredible Shrinking "Savings"</i> (Hunter)
Transportation	<i>Freeing Public Policy from the Deregulation Debate: The Airline Industry Comes of Age</i> (Cooper)

Consumer Services

Child Safety Website: Recently the CFA Foundation launched an 18-month project to develop a comprehensive child safety website. Designed for use by parents, professionals, and child advocates, the website will provide information on a full range of child safety and health issues.

Environmental Tobacco Smoke Public Service Announcement: In cooperation with EPA and the American Medical Association, the CFA Foundation initiated a national, multi-year PSA campaign aimed at reducing children's exposure to secondhand smoke in their homes. In 1999, the PSA generated nearly \$10 million in donated media time. For the month of October, it was the second most viewed PSA in broadcast circulation in the country.

Radon Public Service Announcement: To increase public awareness of radon and encourage homeowners to test for this gas, the CFA Foundation and EPA continued their national PSA campaign. These announcements included a true/false test and a tollfree radon hotline. The PSA generated nearly \$13 million in donated media time from September to December.

Radon and Indoor Air Quality: The CFA Foundation and EPA continued work on a multi-faceted project begun in 1993. CFAF continues to operate the Radon Fix-It Program, a toll-free information service for consumers with high levels of radon in their homes. Since 1994, the hotline has assisted more than 30,000 individual consumers. CFAF also works with state and local partners who develop and carry out grassroots educational initiatives. In 1999, 14 organizations from 13 states participated in this program.

National Lead Paint Hazard Awareness: As a partner in HUD's National Lead Hazard Awareness Campaign, the CFA Foundation produced, promoted, and distributed one million paint paddles bearing the message, "Kids and Lead Paint Don't Mix. Call 1-800-424-LEAD before you sand or scrape old lead paint!" The paddles were distributed mainly by hardware and paint retailers.

Genetically Engineered Foods: With a grant from the Rockefeller Foundation and in partnership with other consumer groups, the CFA Foundation is organizing a comparative analysis of the regulation of genetically engineered foods in the U.S., Europe, and developing countries. It is also facilitating the participation of consumer representatives from developing countries in international standard setting related to these foods.

Energy Efficiency: Under a cooperative agreement with EPA, the CFA Foundation continued its consumer awareness campaign on the economic, health, and environmental benefits of buying energy efficient products for the home. The Foundation developed a community leader kit and worked with 13 state or local consumer organizations as well as enhancing its energy efficiency website and distributing related pamphlets.

Wealth Building Among Lower-Income Households: After completing an analysis of lower-income household saving and strategies for increasing this saving, the CFA Foundation received grants from the Ford Foundation and the National Endowment for Financial Education to develop a related national social marketing campaign with a demonstration project in Cleveland. This project was launched in November as was a National Forum to Promote Lower-Income Household Saving.

Consumer Literacy: CFA continued to distribute copies of the pamphlet, "66 Ways to Save Money," through the Consumer Literacy Consortium, a working group of 25 leading consumer educators from government, business, and non-profit organizations. By year's end, more than 1.3 million copies of this publication had been distributed.

Member Services

Conferences

The most important CFA meetings were built around Consumer Assembly '99, the nation's largest annual consumer conference. More than 350 persons in attendance heard speakers including FDA Commissioner Dr. Jane Henney, FCC Chairman William Kennard, Administration Y2K leader John Koskinen, and Representatives Tammy Baldwin, Janice Schakowsky, and Dennis Kucinich address issues related to the theme of 21st Century Public Policy Challenges.

During this week, representatives from CFA member groups conducted the business of the federation. Members of 14 policy subcommittees met to review past policies and recommend new ones. These recommendations were submitted to and voted on at the Annual Meeting, where Board members were also elected.

To address specific issues more thoroughly, CFA organized two issue conferences. In October, 140 persons heard Montana Public Service Commissioner Bob Rowe and others address consumer utility issues. In December, 180 persons heard Comptroller of the Currency Jerry Hawke, Connecticut Insurance Commissioner George Reider, and others discuss the continuing financial service revolution at CFA's 15th annual financial services conference.

Publications

CFA member organizations received the following publications.

- Eight issues of CFA's newsletter, *CFAnews*, which reports consumer news and advocacy.
- The 1999 policy resolutions adopted at CFA's Annual Meeting.
- The 1998 Congressional Voting Record, CFA's rating of congressional performance on consumer issues during the previous year.

State and Local Resource Center

CFA Foundation's State and Local Resource Center exists to strengthen state and local member groups by supplying them with information, technical assistance, and resources. With significant funding from Consumers Union's Colston Warne Fund, we improved and expanded the services of the Center, including:

- disbursing more than \$120,000 in organizational or equipment grants to eight organizations;
- disbursing over \$10,000 in small, emergency grants to eleven organizations;
- mailing information monthly to state and local groups;
- providing one-on-one assistance to 17 organizations, including planning sessions with boards of four groups;
- updating the state and local program website; and
- obtaining foundation funding or assisting others in obtaining a total of \$117,000 in grants.

Finances

CFA and CFAF continued to enjoy financial stability, with net assets — excluding deferred income — of nearly \$1,000,000. The two organizations ran a surplus of \$170,000 because CFA received two cy pres awards totalling just under \$200,000. The budget of the Foundation grew rapidly because of new foundation grants.

	CFA	CFAF
Income	\$810,891	\$1,673,179
Expenses	771,731	1,542,347
Net Assets*	621,688	355,152

**Excludes deferred revenue committed to year 2000 expenses.*

