



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

B. Reed
CC: [Handwritten initials]

OCT 20 1997

MEMORANDUM TO ERSKINE BOWLES

THROUGH: Frank Raines 
FROM: Josh Gotbaum 
SUBJECT: The Office of Consumer Affairs

The VA/HUD appropriators have terminated funding for the Office of Consumer Affairs (OCA) in this year's House, Senate, and Conference bills. This memorandum discusses whether and how OCA's functions might continue.

Background: OCA is a small, independent agency, administratively supported by HHS but described as part of the EOP. (The Director, Leslie Byrne, a former US Representative from Virginia, also serves as Special Assistant to the President on Consumer Affairs, but the group is housed outside the WH complex.) OCA was founded in 1971 and had a relatively high profile in the Nixon and Carter Administrations, but has had much less visibility since then. OCA operates a consumer hotline, publishes the *Consumer's Resource Handbook* (until Congress moved it to GSA in FY 1997), represents consumers' interests in international fora, helps coordinate Federal consumer protection activities, chairs the Consumer Affairs Council, and advises the President on consumer interests. In FY1997, OCA employed 13 people.

If the agency is eliminated, there will be some concern about the symbolism of "removing a consumer representative from the White House". However, the agency has developed congressional opposition: Congress has tried to zero OCA out for the past two years. (The Administration successfully demanded \$1.5 million in the FY 1997 omnibus appropriations bill, but doing so left some scars.) Other organizations (e.g., GSA, the Consumer Product Safety Commission, HHS, USDA, DPC) perform functions that overlap with the activities of OCA and could assume some of its work.

Once the VA/HUD bill is enacted and OCA's funding runs out, HHS has prepared plans to absorb most of OCA's employees and encourage GSA to hire some OCA employees for the *Handbook*. The VA/HUD appropriations bill will require HHS to pay the costs required to close OCA.

Options:

- A. **Continue an OCA-like Office Administratively.** There are three proposed ways to do this. Under each, we would first terminate OCA, as required by the VA/HUD bill, then use existing authority to start an OCA-like office.

(1) One option is to **reduce OCA's staff to six FTE and place it within the EOP**, which Bob Nash originally proposed. As you know, the EOP accounts are very tight, and it is unclear from where the FTE slots would come.

(2) A second alternative would be to **reduce OCA's staff and insist that HHS continue to support the effort through its administrative accounts**. Six to eight FTE could be supported for approximately \$600,000 to \$800,000. This alternative would require opening a new office in HHS, and appointing Director Byrne as head of the office and as a Special Assistant to the President. Director Byrne could be appointed as a Special Assistant to the President for Consumer Advocacy¹ (*not* consumer affairs since Congress zeroed out this specific office). This alternative would require HHS' willingness to continue support of an office like OCA (which they resented when OCA was independent) and have Leslie Byrne report to Secretary Shalala, so doing this would require your direction to HHS. Bruce Reed, Bob Nash, Virginia Apuzzo and we support this approach.

(3) Director Byrne proposed as an alternative **modifying the current Executive Order that established the Consumer Affairs Council and funding OCA through a tap on all of the agencies within the Council**. However, Section 611 of the Treasury/Postal FY 1998 appropriations bill prohibits an interagency council from being funded by "passing the hat" to other agencies. Under current law, an interagency council may be completely supported only by a single agency. Thus, a new OCA-like interagency council could be created by Executive Order as Director Byrne suggests, but it would have to be funded by one agency (i.e., HHS).

With any proposal to keep OCA or OCA-like offices in existence, Congress may have some concerns since the appropriators have zeroed out OCA. Further, any agency that is forced to fund OCA from within its FY 1998 appropriations would be concerned. Nonetheless, we consider the effort to keep a consumer presence justified.

- B. Terminate OCA.** If OCA is "zeroed," DPC could assume responsibility for consumer policy. Other agencies might pick up other activities, including the Consumer Information Center (CIC) in the General Services Administration (GSA) and the Consumer Product Safety Commission (CPSC). While these agencies' activities do not precisely replicate current OCA activities, they could assume some OCA functions if encouraged and/or funded. The CIC could develop the *Handbook* (which Congress again has given to them in FY 1998); the CIC or CPSC could operate the hotline; and DPC, CIC, or CPSC could chair the Consumer Affairs' Council.²

¹ This would be similar to the arrangement in USDA with the Special Assistant to the President for Rural Affairs.

² CIC expects to have complete responsibility for the *Handbook* in FY 1998 and has sought responsibility for the *Handbook* in its FY 1999 budget request. CPSC has no interest in assuming OCA responsibilities.

Recommendation: We recommend finding a way to keep (a smaller) OCA, by reducing the number of FTE and moving it to HHS with Director Byrne appointed as a Special Assistant. Neither Director Byrne nor HHS will be pleased with this approach, but we consider it the best compromise.

Please give me or Jack Lew a call with any questions.

cc: Bruce Reed, Virginia Apuzzo, Bob Nash, Jack Lew

UNITED STATES
OFFICE OF CONSUMER AFFAIRS
Washington, D.C. 20201

September 5, 1997

MEMORANDUM FOR BRUCE N. REED

FROM: Leslie L. Byrne *LB*
Special Asst. to the President
and Director

RE: Funding for USOCA under the VA-HUD-Independent
Agencies Appropriations.

As you may know, USOCA was not included in either the House or Senate VA-HUD-Independent Agencies Appropriations bills for FY 1998. We are grateful for the Administration's confidence as exhibited by our inclusion in President Clinton's "add back" list for FY 1998 appropriations. The OMB proposed budget is \$1.8 million.

The Conference Committee may meet next week to finalize the terms of the VA-HUD-Independent Agencies appropriations. I am requesting USOCA once again be listed as one of the President's priorities in the next SAP to be sent to the Conference Committee. Attached are copies of suggested off-sets, as proposed by Congresswoman Marcy Kaptur. In addition to the \$1.8 million requested, USOCA's appropriations language should allow for restoration of the gift acceptance authority and responsibility for the production and distribution of the *Consumer's Resource Handbook*.

As policy advisor to the President on consumer issues, we respond to legislative and regulatory proposals. Our mission is clear. We are to advise the Administration on consumer issues. We give consumers the tools they need through information and education to make good choices in the marketplace. As Head of the Consumer Affairs Council, we foster cooperation and help eliminate duplication where possible in Federal agencies. Consumers like our work. Business likes our work. And, our work has proven valuable to the administration.



Due to the last minute negotiations it took to insure USOCA's funding last September and the reduction of funds, our efforts were severely curtailed. In addition, the elimination of the special gift authority previously granted by Congress has further limited our efforts to meet our mission.

The "gift authority" allows USOCA to accept contributions from outside sources. These funds help to enhance efforts to educate and empower consumers. USOCA has been offered private sector contributions for educational materials. The total would be several thousand dollars. Currently, without the gift authority authorization, USOCA is unable to accept contributions and take advantage of the educational tools and opportunities these funds would afford. In short, we want the gift authority put back into USOCA's appropriations language.

Background

Since 1992, Congress has allowed USOCA to raise funds from outside sources. The Office currently runs on a minuscule budget and does so much for so little. The proposed budget of \$1.8 million for USOCA (for FY98), is slightly less than 3/4 of a penny per year for each U.S. consumer. We are one of the best buys in government

USOCA forges dialogues with business, federal, state and local governments, consumer organizations, and other interested parties. By coordinating the development of national and regional conferences on major consumer issues such as fraud, consumer education, financial services, quality control and the special challenges of educating low income, minority, elderly and disabled consumers, USOCA keeps its fingers on the pulse of consumer issues. We play a leadership role both nationally and internationally and we are looked upon as a positive role model here and around the world.

Recommendations

I recommend the following language:

For necessary expenses of the United States Office of Consumer Affairs, including services authorized by 5 U.S.C. 3019, \$1,800,000, to be deposited into the U.S. Office of Consumer Affairs Fund. Provided further, That notwithstanding any other provisions of law, that the Office may solicit, accept and deposit to this account, during fiscal year 1998 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities, may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available, and the balance shall remain available for expenditure for such purpose. Provided further, That none of the funds provided under this heading may be made available for any other activities within the Department of Health and Human Services. Provide further, The functions of producing the Consumer Resource Handbook be restored under OCA's authority and responsibility in fiscal year 1998, and hereafter.

Your assistance in accomplishing this needed Conference language is very much appreciated. Should you require further discussion, please feel free to call me directly. My office number is (202) 565-0099.

Thank you for your kind attention to this matter.

Attachment

- Strike \$222,305,000 for Federal Housing Administration administrative expenses and insert \$220,805,000.
- Strike \$300,000 for Consumer Information Center's production and distribution of the Consumer Resource Handbook and insert zero (0).
- Add \$1,800,000 for the U.S. Office of Consumer Affairs.
- Restoration of the U.S. Office of Consumer Affairs' (OCA) authority to accept and deposit donated funds to its account, during Fiscal Year 1998 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities, may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available, and the balance shall remain available for expenditure for such purpose.
- Restoration of the U.S. Office of Consumer Affairs' authority and responsibility to produce and distribute the Consumer Resource Handbook.

MEMORANDUM

TO: John Podesta
FROM: Leslie Byrne *LB*
SUBJECT: U.S. Consumer Gateway
DATE: July 7, 1997

Bruce feed
USOCA zeroed out in the House Appropriations markup
Consumer Affairs

My office, the U.S. Office of Consumer Affairs (USOCA) has been working with the FTC to establish an Internet link to Federal consumer resources, similar to the U.S. Business Advisor. The U.S. Consumer Gateway, as described in the attached filer, will be a one-stop link to the web-sites of five of the principle Federal consumer protection agencies, with additional agencies to be added as the system is debugged.

What should we do

The key to making the system user-friendly is indexing the link page along topical, not administrative, lines, since few people are aware of how the Federal government is organized. Thus, a consumer with a credit-report problem, for example, can click onto *Your Money*, then *Credit*, then *Credit Reporting*, which will access the FTC web-site, information about the requirements of the Fair Credit Reporting Act and how to proceed in getting the problem resolved. The database from my Office's *Consumer's Resource Handbook* (CRH) will provide consumers with the information they need to proceed, that is, exactly how to communicate, online or otherwise, with the appropriate corporation, third-party organization, or government agency.

Our plan calls for the official announcement of **The U.S. Consumer Gateway** to take place during **National Consumer's Week**, October 25 - 31, 1997. National Consumer's Week, proclaimed annually by the President for the last week in October, involves hundreds of companies, educational organizations, government agencies at every level, the media, and consumer organizations. It is the year's prime time for announcing new consumer programs and we anticipate a very strong and positive reaction to this latest of the Administration's accomplishments in reinventing government.

The barrier USOCA faces is the lack of resources to update the CRH database, which is key to the success of the project. The timetable calls for updating the database between July 15 and October 15, in time for National Consumers Week. A third of USOCA's staff of 15 is being parceled out to DHHS on reimbursable details during this critical time in order to offset an \$80,000 budget shortfall. These 4-5 senior staff members of our staff will not be able to work on the U.S. Consumer Gateway unless the budget shortfall could be met in some other way.

I would appreciate any advice or assistance you could provide in identifying some means by which we could carry out the update and bring off what I believe will be a significant Administration accomplishment for consumers.

The U.S. Consumer Gateway - An Internet Link to Federal Consumer Resources

Purpose:

To provide more convenient public access to federal consumer information sources by creating a "one-stop" link or "electronic clearinghouse" to Federal web sites.

Background:

A wide range of consumer information is available to the public on dozens of web sites hosted by federal agencies. For example, the Federal Trade Commission (FTC), as the lead consumer protection agency, maintains *Consumer line* - a reference source for more than 150 consumer publications - as part of its web site. The U.S. Consumer Product Safety Commission web site provides nearly 20 categories of consumer safety information.

However, a *Yahoo!* search of "consumer," under the category "government," yielded 19 first-level categories listing nearly 200 second-level web sites. At best, consumers have to search through numerous home page indices to locate specific information on basic issues such as fraud, health, and safety. Moreover, information searches can be costly for consumers who pay an hourly charge to an Internet service provider.

An Expanding Partnership:

The following agencies have agreed to create and maintain an interagency link page to connect consumers to indexed topical information areas within their respective web sites:

The Federal Trade Commission
The Food and Drug Administration
The Securities and Exchange Commission
The U.S. Consumer Product Safety Commission
The National Highway Traffic Safety Administration

For at least the first year of operation, the Federal Trade Commission (FTC) will host and maintain this site on its server and provide all technical and support services. A steering committee of representatives from each of the cooperating agencies will provide policy guidance and editorial oversight to support the link page. The link page will be indexed along topical, not administrative, lines under basic headings such as "*Food, Health, Transportation, and Your Money*". An internal search engine, cross-links, and a "Talk to Us" transactional feature will enable consumers to search for and request specific information. The basic structure will be designed to facilitate adding other federal agency links, creating a comprehensive and dynamic resource for consumers.

The U.S. Office of Consumer Affairs will contribute an updated database of its *Consumer's Resource Handbook* (CRH), last revised in 1996. The CRH database is a unique and valuable asset, for which there is no comparable resource on the Internet. In addition to providing consumers with online access to 2000 current state, municipal, and corporate contacts, the CRH will be incorporated into a platform that can be crosswalked into the consumer response system of every federal agency.

Domain Name - "consumer.gov"

The FTC acquired the domain name "consumer.gov" for this web site. The simplicity of this domain name and the site design will enable consumers to easily locate federal resources on the web. As The U.S. Consumer Gateway grows - with the addition of other agency homepages - consumers will have easier, more direct, and less-costly access to federal information on a wide variety of subjects.

Timelines:

The basic webpage design is complete. The site will be launched on a "shakedown cruise" on 8/15/97 and tested in the real-world web environment for six weeks. We do not plan to publicize the site's presence during this test phase, but we will notify the various Internet search engines. It is anticipated that the official announcement of The U.S. Consumer Gateway will take place during National Consumer's Week, October 25 - 31, 1997.

7/1/97

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UNITED STATES
OFFICE OF CONSUMER AFFAIRS
Washington, D.C. 20201

Tom, EK
FBI
-BR

Memorandum

To Bruce Reed
From: Leslie Byrne *LB*
Subject: Consumer Initiatives
Date: June 25, 1997

This outline is for four positive consumer proposals the Administration can take to heighten public awareness of the President's pro-consumer policies.

1. **Establish a Disaster Strike Force for Consumers.** This Strike Force would go into areas that have been hit by disaster where rebuilding is necessary. Experience has shown that victims of disaster are vulnerable to be victimized a second time by con artists and scammers who take advantage of urgent needs and chaotic conditions. Recent post-disaster fraud has included: home security systems, purportedly sold by police or national guardsmen at highly inflated prices; trafficking in shoddy or substandard building materials, again at inflated prices; and remodeling contractors that never show up after the down payment or whose work doesn't meet building codes. Home-based business "opportunities" also flourish, as people look for other income to cover costs of rebuilding.

The Strike Force would go into a disaster area with a team of lawyers (FTC and Justice) and consumer specialists. They would be prepared to evaluate contracts, do public information on avoiding scams and distribute consumer materials to educate the public about protecting themselves. USOCA could coordinate this Strike Force in close cooperation with FEMA, state and local consumer affairs offices, and state attorneys general. An Executive Order would establish the Strike Force. We estimate funding at \$300,000 to \$900,000 annually, depending on the frequency of disasters.

2. **Establish a Consumer Right to Privacy.** On October 27, 1992, the Clinton/Gore campaign released a document spelling out their vision of consumer protection. As an addendum to the Consumer Bill of Rights established by President Kennedy the campaign proposed there be "*The Right to Privacy To not have information provided by consumer for one purpose used for a separate purpose without the consumer's knowledge and consent.*" The Information and Technology Task force on Privacy, headed by OMB, has released its White Paper for comment and there is much activity, both public and private, currently in the area of privacy. The Administration would not short-circuit these discussions by adhering to this campaign promise.



3. Presidential Directive to Department of Defense to assist military families in consumer protection cases. Currently military personnel and their families face extraordinary problems in seeking redress in consumer cases. Some JAG offices will take up these cases if they have a light caseload in other areas, most will not take them at all. Local and State consumer affairs offices make military family cases a low priority because the family is likely to transfer before their problem can be solved. This problem has come to USOCA's attention through our National Consumer Helpline. Military personnel who cannot hold car dealers to their warranties as well as other faulty goods and services that would be eligible for arbitration and possible refunds are dropped because the family is transferred or redress is delayed in hopes that the family will be transferred. The President could establish a policy that JAG take consumer complaint cases, after review by base family support services, to ensure that military families have the full range of consumer protections afforded all other Americans.

4. Convene a 1998 White House Conference on Consumer Issues for the New Century. Consumerism was born at the dawn of the industrial age. From the 1890's until the present, the main focus of consumer protection has been on quality, price and safety of tangible goods. The national economy has changed from an industrial to a service and information (non-tangible) based economy, but the government response to consumer concerns has been slow to change. As a country we have yet to give the public the same assurances and rights for non-tangible products as with tangible goods. The conference could cover issues such as: health care, child care, privacy and the protection of personal information in a technological age, impact of deregulation on consumers, travel fraud, and international redress in a global marketplace. These issues will establish the foundation of what consumer protection will look like in the year 2001.

A format such as the W.H. Conference on Aging would provide the broadest possible participation and visibility for the Administration. USOCA, Commerce, HHS, FTC, State, Energy, etc., could provide expert staff to organize the conference.

Copy

UNITED STATES
OFFICE OF CONSUMER AFFAIRS
Washington, D.C. 20201

Consumer
Affairs

Memorandum

To: Albert Gore Jr., Vice President
From: Leslie Byrne, Special Assistant to the President *LB*
Director of U.S. Office of Consumer Affairs
Re: White House Conference on Consumer Protection, 1998
Date: June 13, 1997

Summary: Following the administration's themes of education and information, the USOCA is proposing a historic White House Conference on Consumer Protection. It would bring together citizens, public groups, all levels of government and businesses, in a national dialogue on the best way to insure a fair and responsive marketplace. Giving the public the tools to protect themselves through education and information would be the focus. This is crucial in this era of deregulation. The best mechanisms to achieve these goals in specific issue areas would be topics of discussion. Some proposed issue areas are: Health Care (including Medicare and Medicaid fraud), privacy and the protection of individual information in a technological age, travel fraud, food safety, security of electronic commerce and strengthening state and local government consumer protection. The globalization of the marketplace and its impact on the public, particularly concerning disclosure and consumer redress is also a growing concern. These are but a few of the topics that will be addressed.

Background: The history of the consumer movement is deeply rooted in democracy, which means that power flows from the bottom up. The formalization of this power coincides with the start of the industrial age. From the 1890's until the present, the main focus of consumerism has been on quality, price and safety of tangible goods. The American economy has changed from an industrial, to a service and information based economy, but the government's response to consumer concerns has been slow to change. While we continue our efforts to assure public confidence in the marketplace of goods we have yet to give those same assurances concerning services and information. Moving into the twenty-first century, the White House, through this conference, has the opportunity to assure the



nation of the administration's interest and commitment to traditional consumer protection issues. We can establish the foundation for consumers and how they are treated in this new expanding marketplace. This conference is the exploration of rights and responsibilities of buyers, sellers, and government as the economy moves beyond its traditional bounds.

Recommendation: I respectfully request that you take an active role in the planning and implementation of the White House Conference on Consumer Protection. As Vice President you could make this Conference yours; not as an "Honorary Chair," but as part of the President's and your vision of where we are going as a nation. Putting your stamp on how our nation addresses economic issues in a democracy, looking at social issues through the prism of consumerism (i.e., value for money spent on child care, health care, and education) and the changing nature of the marketplace is a win-win scenario. This conference will provide a natural bully pulpit for the administration, with an opportunity to focus on education and information that will mean a real difference in people's lives.

I look forward to answering any questions you may have about this proposal.