



STATEMENT OF THE HONORABLE THOMAS H. MOORE

Mr. Chairman, Ranking Member, and Members of the Subcommittee, thank you for providing me with this opportunity to present testimony on the U. S. Consumer Product Safety Commission's (CPSC) Fiscal Year (FY) 2006 appropriations request. The full details of our FY 2006 appropriations request are set out in our budget document submitted earlier this year to the Subcommittee. These details reflect the agency's initial efforts to outline possible impacts of the Administration's broad efforts to reduce non-security Federal spending. We anticipate that we will be able to provide more specificity after we perform a more careful and systematic review of our costs and our safety programs later this summer.

In summary, for FY 2006, the President's request for our agency is for \$62,499,000 which is an increase of \$350,000 above our FY 2005 appropriation and will support the agency at approximately 446 FTEs. If measured from our FY 2005 funded FTE level, the request for FY 2006 represents a FTE reduction of 25 FTEs. However, the average FTE level for FY 2004 was 461 FTEs and because we now have no intention of staffing up to our planned 2005 level, actual reductions will be around 15 FTEs. We estimate that we will be able to achieve these reductions through attrition and we are very hopeful that with a careful review of our costs and our safety programs we will be able to achieve these reductions with our safety programs largely intact and with minimal disruption to our agency operations.

IMPACT OF BUDGET REQUEST

CPSC is a staff intensive organization with about 90% of its funding allocated to staff salaries and office rent. At the heart of CPSC's operation is its staff, without question, our greatest and most important asset. In order to keep

our staff intact and sustain our safety programs at our FY 2005 authorized level we would need additional funding of \$2.4 million above our FY 2005 level. This \$2.4 million increase would simply fund salary and rent increases in support of 471 FTEs. Any funding level which does not contemplate an increase or contemplates an increase less than \$2.4 million will require some staff adjustments. The requested increase of \$350,000, instead of the needed \$2.4 million, will certainly mean a reduction in our FTEs but we are confident that we can manage this reduction without forced layoffs.

In presenting our budget request to the Subcommittee today we are mindful of our nation's present state of affairs. Considering our nation's prevailing budget priorities there are certainly some positive implications in the President's recommendation for CPSC. Our product safety work and safety guidance provide a sustained, uniform measure of protection for our nation's families, and also provide businesses a national, level playing field for both domestic and imported consumer products. Taking into account that the administration proposes to cut the nation's non-security discretionary accounts by nearly 1% in its FY 2006 budget, the President's budget request of a \$350,000 increase shows some confidence in CPSC and its programs and we at the Commission are dedicated to continue earning that confidence.

However, we must put the consequences of our increase in the proper perspective. Since 1994, CPSC has been forced to reduce its funded FTE level by 14% from 518 to the FY 2006 proposed level of 446. This erosion of our most valuable asset comes despite the fact that we still have over 15,000 types of consumer products under our jurisdiction; creative new technologies constantly introduce potentially new product hazard issues; new consumer uses for products originally created for commercial use are being introduced; imports are increasing, many from countries that may not have similar consumer product safety standards; and despite the fact that we still face over 25,100 deaths and over 33.3 million injuries each year associated with consumer products under CPSC's jurisdiction.

CPSC'S IMPORTANT SAFETY WORK MUST CONTINUE

By all current measures, CPSC provides both tremendous service and tremendous value to the American people. Each year through reductions in deaths, injuries, and other costs associated with unsafe products, such as health

care costs and property damage, CPSC saves the nation many times the agency's annual budget. Our agency is the major factor in the overall 30% decline in the rate of deaths and injuries related to consumer products since 1974. During that time, through our standards work, compliance efforts, industry partnerships, and consumer information, there has been a 42% reduction in residential fire deaths, a 72% reduction in consumer product-related electrocutions, a 36% reduction in consumer product-related carbon monoxide deaths, an 86% reduction in poisoning deaths of children younger than 5 years of age, an 88% reduction in baby walker injuries and a 92% reduction in crib-related deaths. We expect the annual number of deaths and injuries prevented by just these examples to reduce societal costs by almost \$16 billion. These savings by themselves are over 250 times CPSC's proposed FY 2006 funding request.

To further illustrate how successful CPSC's staff is in protecting American consumers by addressing the unreasonable risk of harm posed by many, many consumer products we can look at some FY 2004 numbers. For example, CPSC completed 356 cooperative recalls involving over 216 million product units. The Commission staff also obtained many other corrective actions that did not involve a consumer level recall. We completed 10 civil penalty cases that resulted in almost \$4.2 million in fines for failure to report hazardous defects and other violations associated with our various statutes and regulations. We assisted in securing 2 criminal convictions for violations of the Federal Hazardous Substances Act. In addition, CPSC staff, working with the U.S. Customs, conducted 278 seizures and detained over 6.7 million units of imported products that were in violation of U.S. safety standards.

Moreover, we informed the public of hazardous products through 312 press releases, 13 video news releases, 2 million distributed publications, specific consumer product safety discussion appearances on network TV shows, and through CPSC's consumer hotline, web site, and National Injury Information Clearinghouse. We had 11.9 million visitors to our Web site, 159,200 readers of our Consumer Product Safety Review, and 140,000 callers to our consumer hotline.

I would like to note that thus far, for FY 2005, in our enforcement area, the Commission is on a record pace for assessing civil penalties against companies who fail to report product hazards to the Commission as required by our statutes. We have completed five civil penalty cases that have resulted in \$8.5 million in

finances including our largest assessment ever issued of \$4 million.

These numbers by themselves demonstrate the indisputable consumer product safety role that the Commission has performed for the American consumer over the years. We at the Commission also strongly feel that many, many more deaths and injuries have been prevented as a result of the heightened attention given to safety issues by manufacturers and consumers due to CPSC's leadership. These results clearly illustrate the benefits of CPSC's federal presence in today's consumer product marketplace and therefore provide substantial justification for present and future consideration for keeping our safety programs intact.

FUTURE CONSIDERATIONS

Notwithstanding, given future funding considerations, there are areas where we can achieve significant improvement in our product safety program. I have mentioned these areas in previous budget submissions and I still strongly feel that we can provide better service to the American public if these areas are funded in the future. For example, it is crucial to our mission and continued success that we are able to upgrade and establish a modernization cycle for our information technology (IT) infrastructure and databases. As a data-driven agency, we are dependent on information technology and therefore must continually invest in the tools we use to identify and analyze hazards. For FY 2005, because of the vacancies in one of the Commissioner's offices and because we are taking steps now to reach the anticipated FY 2006 FTE level, we estimate that we will have some financial flexibility to reallocate funds from salary savings to address some of our IT needs. However, with the anticipated reductions in our FTE funding, we certainly will no longer have that financial flexibility to reallocate funds in the future. Depending on temporary salary savings is no way to fund IT needs. The lack of a permanent capability to maintain and enhance our systems will jeopardize our future work. The long-term benefit to our work of a strong, proactive IT program can not be overstated.

In the best of worlds, the Commission should also be able to fund a planned annual replacement budget for major laboratory equipment. An example of this is the need to update critical analytical equipment used in the vital testing of chemical compounds. The Commission does not have an adequate capital

equipment replacement fund and is often forced to defer and fund such replacements on an emergency basis which could be disruptive of planned work. Our laboratory testing facility is a key tool, the foundation of much of our work, and it must be maintained in a relatively modern condition if we are to generate credible, reproducible results to support our rulemaking and enforcement activities.

CONCLUSION

Our small agency has found that cooperative partnerships, innovative initiatives, and open, voluntary participation of the interested community contribute to a successful, cost-effective and least burdensome regulatory scheme appreciated by both those whom we serve as well as those whom we regulate. For example, www.Recalls.gov results from a CPSC partnership with five other Federal agencies and features a website which provides a one-stop shop for all government-regulated product recall information. This information is helpful to both consumers and businesses. In 2004, over 900,000 visitors logged on to this site.

Additionally, we continued other cooperative initiatives the “Fast Track Product Recall Program” and the annual “Recall Roundup Program.” Both of these initiatives are designed to remove unsafe consumer products from the marketplace and the homes of consumers. For example, nearly 950 firms have participated in our “Fast Track Product Recall Program” resulting in over 1,679 recalls involving over 190 million consumer product units.

In conclusion, Mr. Chairman, we all recognize that the nation is again facing very difficult decisions regarding its allocation of resources. The President, Congress, and the American public have all shown confidence in CPSC and its consumer product safety programs. However, despite all the progress the Commission has made, and is currently making, in reducing deaths and injuries related to consumer products, the marketing of unsafe consumer products remains a major national problem. We still have a long way to go to prevent hazardous consumer products from killing and injuring people. The continued support of this Subcommittee is essential to a successful fulfillment of our mission.

I strongly urge the Subcommittee to fully support our activities by providing the \$62.5 million requested.