



U.S. CONSUMER PRODUCT SAFETY COMMISSION
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**TESTIMONY OF THE HONORABLE NANCY A. NORD
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**SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
HOUSE COMMITTEE ON APPROPRIATIONS**

MARCH 11, 2008

Thank you for this opportunity to present to you the appropriation request for the U.S. Consumer Product Safety Commission (CPSC) for fiscal year 2009. As the Committee members know, the CPSC is a small, independent and bipartisan agency created by Congress to protect the public from unreasonable risks of injury and death associated with more than 15,000 types of consumer products.

The Committee members also know well that, since we last met a year ago, the CPSC has been very much in the media spotlight. I am pleased that this national attention has greatly raised public awareness of the agency's safety mission and our services and that it has also sharpened industry awareness, both here and abroad, of their requirements under the laws that the CPSC enforces. Those laws include the Consumer Product Safety Act, the Federal Hazardous Substances Act, the Refrigerator Safety Act, the Flammable Fabrics Act and the Poison Prevention Packaging Act.

In testimony before Congress last year, I noted that "if you give me more resources, I will put them to good use." Last December, the appropriations committees did just that and significantly increased CPSC's budget in fiscal year 2008 by over 27 percent, and I am proud to report to the Committee today that we are putting these new funds to very good use. I will discuss those expenditures in more detail later in my testimony, but it is important to note that this funding is helping us lay the necessary groundwork for the agency's expanded initiatives that are presented in the agency's fiscal year 2009 budget request.

For fiscal year 2009, the CPSC is requesting \$80 million to carry out our various safety missions for America's families. This is an almost \$17 million increase over our requested funding level for fiscal year 2008 and matches the Committee's final appropriation for the Commission which was approved by Congress this past December. With these fiscal year 2008 and 2009 funds, the CPSC will be able to complete the modernization of our testing laboratory, begin to overhaul our information technology infrastructure, fund our Import Safety Initiative, expand our new Early Warning System, and hire more technical and support staff.

Since the CPSC's inception in 1973, the agency's work has contributed substantially to the decline in the rate of deaths and injuries related to hazardous consumer products. Examples include an 83 percent reduction in children's poisoning deaths, an 84 percent reduction in crib-related deaths, and an 88 percent reduction in baby walker injuries. Significant progress has also been made in reducing deaths and injuries from electrocutions, residential fires and carbon monoxide poisoning, and from many other household hazards.

While the American home environment has never been safer, the American marketplace is dynamic, and there is always more work to be done and new challenges to be met. Perhaps the greatest of these is the import safety challenge. Most of the consumer products that we use today are no longer manufactured in the United States. For example, over 85 percent of toys and 59 percent of electrical products are manufactured in other countries, notably in China. The number of products imported into the United States showed a 200 percent increase from 1997 to 2006.

The Commission has taken aggressive steps to meet this challenge. To provide a comprehensive and coordinated effort to ensure greater import compliance with recognized American safety standards, the Commission created the Office of International Programs. Through this Office we have established formal working groups and action plans with the Chinese government. These working groups are focused on four key product areas: toys, electrical products, fireworks and lighters.

At last autumn's U.S.-Sino Product Safety Summit, sponsored by the CPSC, significant agreements were signed with our Chinese counterpart agency to build on earlier agreements and strengthen these working groups. China has pledged to increase pre-export inspections, improve compliance with mandatory and consensus standards, and crack down on repeat violators of U.S. safety standards. While we have already begun to see positive results from these agreements, we recognize that China is a huge country with thousands of manufacturing facilities and that implementation of these agreements cannot be accomplished overnight.

To maximize Chinese industry compliance with U.S. product safety requirements, it is essential to convey to them a full understanding of U.S. regulatory requirements. Summary provisions of nearly 300 U.S. mandatory and consensus consumer product safety standards are now available in Chinese. We are posting timely information briefs on our website in Chinese, and our plans include links to full Chinese texts and audio-visual products. The agency is also participating in industry-specific safety seminars and retail and vendor training seminars on-site in China.

CPSC's Office of Compliance has been aggressive in enforcing our consumer product safety laws, and this has resulted in a record number of recalls of hazardous imported products in 2007. I welcome the media coverage that these recalls have generated because we want industry, consumers and foreign governments to know that the CPSC is on the beat and will not tolerate violations of our consumer product safety laws.

I believe that this combination of strong enforcement, enhanced communications, and proactive training and education are the keys to success in meeting the challenge of imported product safety. The new funding provided by the Committee in fiscal year 2008 and requested by the CPSC for fiscal year 2009 will advance our efforts in this regard, and I would like to discuss these budgets now in more detail.

As directed by the House and Senate Appropriations Committees, the CPSC is spending our fiscal year 2008 funding on increased staff, workspace, and information technology resources. New staff is being hired in the areas of hazard identification and reduction, as well as in compliance and field operations, per the committees' direction. CPSC's number of actual FTEs at the start of 2008 was under 400; our aggressive goal is to increase that number to 444 by October 1, 2008 – an increase of over 50 new employees.

The agency will be able to expand its monitoring of products, and especially children's products, with the skills of these new employees who will be working at CPSC's headquarters, at our laboratory, in the field, and specifically – for the first time – at some of the nation's largest ports-of-entry as part of our Import Safety Initiative.

Our new Import Surveillance Division is designed to be the front line of defense working to prevent dangerous toys and other hazardous products from entering the country. These employees will be specialists trained specifically in import surveillance procedures and will work closely with other government agencies and

with CPSC's compliance officers, technical staff, attorneys, and laboratory personnel. CPSC's new port investigators will track cargo and, with Customs' officials, stop and inspect suspect shipments. High impact ports will be targeted and new measures of import compliance will be established to better assess progress.

As you know, and as your committee staff has witnessed first-hand, CPSC's testing laboratory needs to be modernized to create efficiencies and to better support CPSC's product safety work, including the new work generated by the Import Safety Initiative. As presently configured, the laboratory space is inefficient to say the least, though our staff there do an incredible job with the tools that they have at hand.

While the Committee had expected modernization of CPSC's laboratory to begin in fiscal year 2009, I am pleased to report that opportunities to begin this project in fiscal year 2008 arose because of the new funding and recently completed work by the General Services Administration (GSA). Since the laboratory addresses critical workspace issues for a growing staff, the Commission decided to go forward with site selection and make a substantial payment to GSA of \$8 million in fiscal year 2008 so that we can move into the new laboratory a year earlier than otherwise expected. An additional payment of \$6 million is requested in CPSC's fiscal year 2009 budget proposal to complete the laboratory project.

A new laboratory location will provide not only a modern facility for our engineers and scientists to conduct their testing and investigations but also office space for an additional 70 employees to be relocated from CPSC's headquarters office. These employees will be those who work closely with the laboratory staff. This action will allow further efficiencies and improvements in office space at our headquarters site.

Per the committees' interest, the agency is also spending new funding on important improvements to our information technology (IT) infrastructure. The need for increased funding for IT has been a constant in CPSC's budget proposals over the years. Our IT systems have not been fully modernized since 1993 when the agency last relocated its headquarters.

Achieving the agency mission is dependent on our IT systems because our work requires electronic accessibility of information to maintain productivity. The increased emphasis on import safety demands greater reliance than ever before on integrating CPSC databases and accessing other agencies' databases, such as those of U.S. Customs and Border Protection, in a seamless fashion.

With new funding in fiscal year 2008, the CPSC has permanently established a long-sought capital fund to replace aging and outdated IT equipment on a systematic basis and a fund to support development of more advanced electronic applications. Additionally, a one-time expenditure of \$2.3 million is allowing the agency to replace its resource management information system which is so outmoded that vendor support is being withdrawn.

Funding in fiscal year 2009 will continue this modernization effort and include converting our current data systems from a client-server environment to a web-based environment; full integration of the Document Management System (DMS); updating current, outdated database platforms to one, mainstream platform; and converting current, disparate data systems to one data system.

These IT improvements are also essential to the agency's Import Safety Initiative. Improved electronic data exchanges with Customs' databases in the future will enhance the government's capabilities to identify, track and stop hazardous products from entering the United States. In fact, we will be able to access shipment data before the ships leave their foreign ports. Additionally, a new system that can track historical changes of addresses and "names" for foreign companies will provide for more rapid identification of hazardous imported products. The new system will also integrate several third party sources of information that will yield improved monitoring. Finally, it will potentially give us, for the first time, an effective tool to flag and guard against foreign suppliers who repeatedly ignore our product safety requirements.

The new IT improvements will also support our new Early Warning System (EWS) which I initiated last year to enhance our current hazard identification systems. The goal of the EWS is to systematically identify and respond to children's product safety hazards starting with cribs, bassinets and playpens. This initiative is important because it is designed to address emerging hazards more quickly and effectively. Through an enhanced identification system, the agency will be able more promptly to detect product hazard patterns as they emerge.

As you can see, the expenditures for laboratory facilities and IT infrastructure are critical capital investments that must be made now to accommodate current and expected future growth of the agency. The new funding provided by the Committee in fiscal year 2008 and requested by the CPSC for fiscal year 2009 will result in an agency with the tools and the strong foundation that it needs to perform its safety mission efficiently and effectively.

While I have discussed CPSC's new systems, programs and infrastructure at length, it is important to also recognize the critical ongoing work of the agency in standards setting, domestic enforcement and public education.

While the Commission was without a quorum for the better part of 2007, I am pleased to report that the agency was able to make progress on a number of fronts. As a result of last year's staff work, the Commission was able to vote earlier this year, before the quorum again expired, on a final rule to update our clothing textile flammability standard and on a notice of proposed rulemaking on upholstered furniture flammability.

Additionally, the Commission completed a great amount of work to reduce carbon monoxide (CO) poisonings. First, the Commission issued a mandatory rule last year for a new danger label for portable generators to warn consumers about CO poisoning and to encourage safe use. The regulation became effective on May 14, 2007, for all portable generators manufactured or imported after that date.

Second, the Commission issued an advance notice of proposed rulemaking in December 2006 to initiate a multi-faceted rulemaking effort that includes reducing consumer exposure to CO through technical means and performance standards that will enable and encourage proper generator placement outdoors.

Third, CPSC staff has an interagency agreement with the National Institute of Standards and Technology (NIST) to conduct physical testing and indoor air quality modeling of in-home CO infiltration with a generator running in an attached garage. The results of these investigations will help determine practical and effective performance requirements for portable generators and provide the basis for subsequent rulemaking activity.

As noted earlier, the Office of Compliance's aggressive enforcement resulted in a record number of product recalls. Perhaps as a result of increased media attention on product safety, a record number of reports from manufacturers informing the agency of possible product defects were also received in 2007. Those reports are required by Section 15 of the Consumer Product Safety Act. The Compliance staff also conducted follow-up work on CPSC's new mandatory mattress flammability regulation that took effect last year.

CPSC's Office of Public Affairs was active in 2007 in educating the public and informing consumers of recalls and emerging hazards. That Office issued more than 350 press releases on product recalls and safety information and completed more than 20 safety campaigns on such topics as all-terrain vehicles; mattress safety; stove, television and furniture tipovers; portable generator dangers; and

outdoor and indoor drowning prevention. American consumers viewed safety information announced by the CPSC more than a half billion times through television interviews, video news releases, free publications, and the Neighborhood Safety Network.

I am especially proud of that Office's work on outreach to the Spanish-speaking community, and I greatly enjoyed the opportunity to be with Chairman Serrano in his Bronx district just yesterday encouraging community leaders to join our Neighborhood Safety Network. In 2007, we translated the Neighborhood Safety Network Toolkit into Spanish, as well as several publications and three times the number of press releases as in the previous year. The CPSC coordinated a Lead Poisoning Prevention Web site in cooperation with other federal agencies and the National Council of La Raza.

Before concluding my testimony, I would be remiss if I did not make note of the passage in December of the Virginia Graeme Baker Pool and Spa Safety Act, which was sponsored by Committee member, Congresswoman Wasserman-Schultz. CPSC staff has met with the Congresswoman's staff to discuss the education component of this Act, which we have already set in motion, and I commend her leadership in bringing public attention to this terrible tragedy of pool and spa drowning and entrapment.

Additionally, I should note that the House and the Senate have passed different versions of reauthorization legislation for the CPSC. CPSC's fiscal year 2009 budget request does not include funding increases in the event that Congress finalizes this legislation and the President signs it. Since it is clear that the final legislation would impose new regulatory, enforcement and other mandates on the CPSC, we will, of course, be in further contact with the appropriations committees in that regard at the appropriate time.

The CPSC is an agency that is undergoing change, like no other agency of government, with significant budget increases, comprehensive reauthorization, and national attention unlike ever before in its history. As we make the transitions that accompany this change, I look forward to continuing to work closely with the Committee. Our common goal is to assure the safety of the products that American families bring into their homes and into their recreation areas. I have been honored to serve as Acting Chairman of the Consumer Product Safety Commission at this time of great challenge and great opportunity to serve the American public, and I look forward to answering your questions.

Thank you.