



U.S. CONSUMER PRODUCT SAFETY COMMISSION



2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Saving Lives and Keeping Families Safe
November 2008

www.CPSC.gov
1-800-638-CPSC

MESSAGE FROM THE CHAIRMAN

The U.S. Consumer Product Safety Commission (CPSC) is charged with protecting the public from unreasonable risks of serious injury or death from thousands of types of consumer products under the agency's jurisdiction. Over the past 30 years, the CPSC's work to ensure the safety of consumer products—such as toys, cribs, power tools, cigarette lighters and household chemicals—contributed significantly to the substantial decline in the rate of deaths and injuries associated with consumer products.

Many of the consumer products we use are no longer manufactured in the United States. Today, 90% of toys purchased in the U.S. are manufactured in other countries, particularly in China. Imported products increased by 217% from 1997 to 2007 and currently about two-thirds of all U.S. consumer product recalls are of imported products.



2008 PERFORMANCE HIGHLIGHTS

The overwhelming number of imports means that we will continue to focus much of our resources on import safety. In 2008, we expanded upon our Import Safety Initiative established last year based on three key principles: 1) assure product safety is built into the manufacturing and distribution processes from the start; 2) increase enforcement at the border to stop dangerous goods from entering the country; and 3) enhance surveillance of the marketplace to remove unsafe products from store shelves. Specifically in carrying out these principles we:

Expanded our China program: As a follow up to the U.S. - Sino Consumer Product Safety Summit in 2007, CPSC continued its dialogue with the Chinese government through cooperative work in four product categories: toys, lighters, electrical products and fireworks. Technical experts are now working on exchanges of standards information, training for product testing and sharing information on best practices in those four product categories. Officials from CPSC and its Chinese counterpart agency, the General Administration for Quality, Supervision, Inspection, and Quarantine (AQSIQ) now hold monthly meetings to review recalls and safety issues. CPSC also took our message of compliance and safety directly to Chinese manufacturers to better ensure safety in production. In addition, recognizing that product safety is a shared concern, the CPSC and the European Union (EU) conducted the "Joint U.S. - EU China Initiative on Consumer Product Safety Compliance" in China in September of 2008 to speak with a unified voice on product safety.

Created the Import Surveillance Division: In early 2008, CPSC established its Import Surveillance Division, representing the first permanent, full-time presence of CPSC personnel at key U.S. ports of entry, including the nation's busiest ports. These personnel are specifically trained in import surveillance procedures and the rapid identification of defective and non-complying consumer products. They are utilizing X-ray fluorescence technology to screen for lead and other heavy metals in consumer products, testing more samples of products and conducting more port-of-entry "blitzes" where appropriate. Customs and Border Protection is providing enhanced access to its data systems providing CPSC staff the capability to identify track and prevent hazardous products from entering the United States. The CPSC is also upgrading to a new state-of-the-art laboratory facility to improve efficiency and capacity to test suspect products and to support the development of mandatory and consensus standards.

Obtained the largest number of voluntary recalls (563) in the last 10 years: These recalls included over 320,000 wooden cribs with slats and spindles that could break, creating a gap, which can pose an entrapment and strangulation hazard to infants. In addition, we continue to recall children's toys (or products) both containing lead and in violation of our lead paint requirements.

Additional 2008 performance highlights include:

Early Warning System: CPSC started the Early Warning System (EWS) initiative which is designed to identify emerging product safety hazard patterns more quickly and effectively in children's products such as cribs, bassinets, and play yards (playpens). Staff started implementing processes and procedures to evaluate and characterize hazard scenarios and failure modes which should alert staff that a product hazard may exist and quick action to address it must ensue. Work of the EWS team formed the basis for rulemaking activity initiated by the agency.

Carbon monoxide hazards associated with portable generators : To support ongoing rulemaking, staff continued its investigation of various strategies to reduce consumers' exposure to carbon monoxide (CO) and to enable and encourage them to use generators outdoors only. Those strategies include generator engines with substantially reduced CO emissions and interlocking or automatic shut-off devices. Additionally, the Agency issued warnings, through press releases and Podcasts, to the public regarding CO hazards associated with portable generators and urged consumers to use CO alarms in their homes.

Mattresses: Enforcement of a mandatory mattress standard to reduce the severity of fires, which was approved by the Commission in 2006, and became effective in 2007, continued in 2008. When fully implemented, it is expected to save as many as 270 lives per year. CPSC staff participated in industry sponsored seminars and responded to questions posed by test laboratories, industry associations, importers, retailers, and manufacturers. In addition, CPSC staff compiled several written documents and continued to maintain the Mattress Flammability Information Web page (www.cpsc.gov/businfo/mattress.html), which serves as a useful resource to all interested parties.

Consumer Product Safety Improvement Act (CPSIA): On August 14, 2008, President Bush signed into law the CPSIA. The Act enhances CPSC's recall authority, streamlines the rulemaking process, and requires product certification. It also allows CPSC to impose significantly higher penalties and to better track product units and suppliers to facilitate recalls of defective products. This Act resulted from independent requests to Congress from Commissioner Moore and me to enhance our regulatory authorities and represents the biggest change in CPSC history. We have begun implementation of the CPSIA by planning rulemaking, enforcement, and other safety standard activities. We also launched a public education program which included conducting public meetings starting on September 4th, 2008, to explain the requirements of the CPSIA Act to businesses and the public. A website link for all CPSIA activities has also been created and is available at <http://www.cpsc.gov/about/cpsia/cpsia.html>. In addition, we consolidated the legal staff of the Office of Compliance with the Office of the General Counsel to achieve an integrated legal team to meet the significant rulemaking and enforcement activity required by the new legislation.

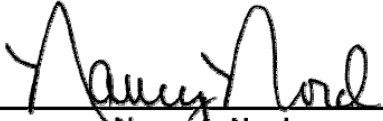
Finally, CPSC negotiated out of court settlements in which four companies voluntarily agreed to pay \$ 3.675 million in civil penalties to the U.S. Treasury.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT REPORTING

In 2008, we completed evaluations of our management controls and our financial management system in accordance with the Federal Managers' Financial Integrity Act. No material weaknesses were identified for fiscal year 2008 and we find our financial management system conforms to government financial system requirements. Our independent Inspector General has audited our financial statements and verified that our statements, internal controls, and financial systems conform to generally accepted accounting principles, laws, regulations, and requirements. The Inspector General's 2008 audit resulted in a clean opinion for the agency's financial management. Finally, I believe that the performance data contained in this report are complete and reliable.

CONCLUSION

CPSC is committed to protecting consumers and families from products that pose a fire, electrical, chemical, or mechanical hazard or can injure children. As we work to ensure consumer safety, it is our goal that the CPSC be regarded as fair, efficient, and effective. All of us at the U.S. Consumer Product Safety Commission look forward to continuing our work to ensure that safe products are available for all American consumers.



Nancy A. Nord
Acting Chairman

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INSIDE THE U.S. CONSUMER PRODUCT SAFETY COMMISSION

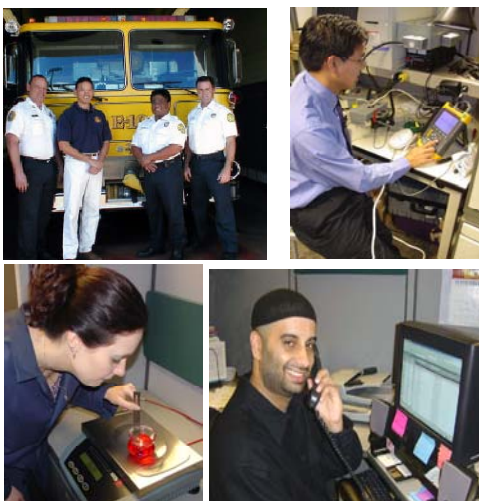
The U.S. Consumer Product Safety Commission (CPSC) is an independent federal regulatory agency that was created in 1972 by the Consumer Product Safety Act. In addition to the Consumer Product Safety Act and the more recent Consumer Product Safety Improvement Act of 2008 (CPSIA), CPSC also administers six other laws: the Federal Hazardous Substances Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, the Refrigerator Safety Act, the Pool and Spa Safety Act, and the Children's Gasoline Burn Prevention Act.

OUR MISSION

CPSC is responsible for protecting the American public from unreasonable risks of injury and death from consumer products.

Did You Know?

There are thousands of types of consumer products under CPSC jurisdiction. We rely on sound science and data collection to alert us to product hazards. We collect death, injury and incident information from many sources including the nation's hospital emergency rooms and from death certificates provided by all 50 states. We focus on risk and concentrate on the products where we can effectively increase consumer product safety.



How We Do It

CPSC uses the following strategies:

- ★ Participates in the development and revision of voluntary safety standards by working cooperatively with stakeholders. In 2008, we worked on voluntary standards for products such as toys with magnets, lighters, smoke alarms, portable generators, vented gas appliances, and hot tubs and spas. We have found that voluntary efforts are often faster and cheaper yet still provide safety protection.
- ★ Develops or revises mandatory safety standards, seeking input from all interested parties. In 2008, we worked on rules for products such as portable generators, children's jewelry with lead, electric toys, upholstered furniture and mattresses (cigarette ignition).
- ★ Recalls products that violate mandatory safety standards or are defective. In 2008, we recalled products such as toys with lead paint and small parts, mattresses, gas grills, and computer batteries.
- ★ Protects consumers from unsafe imported products by port surveillance and working with the governments of exporting countries to educate them on U.S. safety standards.
- ★ Provides the public with easy access to information about product hazards and the ability to contact us through our award-winning hotline and Web sites.

APPROACHES TO PRODUCT SAFETY*

HOW WE REDUCE HAZARDS

The Commission uses a number of strategies to reduce the risks associated with hazardous consumer products. These strategies include (1) participating in the voluntary safety standards process or developing mandatory safety standards; (2) conducting compliance activities such as recalls, corrective actions, and enforcement of existing regulations; and (3) alerting the public to safety hazards and informing them about safe practices. We also recently developed an international program to focus on reducing hazards from imported products. The Agency bases its actions to reduce the risks from hazardous consumer products on information developed from its extensive data collection systems that can be used by staff to assess the causes and scope of product-related injuries.

Import Safety

Many consumer products, especially toys and other children's items, are imported into the U.S.; the largest share comes from China. CPSC is addressing the potential risk associated with imported products through an Import Safety Initiative, which is based on three key principles: 1) assure product safety is built into the manufacturing and distribution processes from the start; 2) increase enforcement at the border to stop dangerous goods from entering the country; and 3) enhance surveillance of the marketplace to remove unsafe products from store shelves.

The 2008 appropriation allowed CPSC to implement the Import Safety Initiative, including the establishment of a new Import Surveillance Division. This marks the first permanent, full-time presence of CPSC investigators at key ports of entry throughout the U.S. The port investigators work with compliance officers, research analysts, attorneys, and support staff. Furthermore, staffing has been increased in other offices, including the Office of Hazard Identification and Reduction, which support import safety efforts as well as other safety work of the Commission.

CPSC established the Office of International Programs and Intergovernmental Affairs in 2004 to provide a comprehensive and coordinated effort in consumer product safety standards development and implementation at the international, federal, state, and local levels. The Office conducts activities and creates strategies aimed at ensuring greater import compliance with recognized American safety standards. A key emphasis of this program is encouraging foreign manufacturers to establish product safety systems as an integral part of manufacturing.

Safety Standards

Much of our work in saving lives and making families safer is conducted in cooperation with industry and consumers. Staff participates in the development of voluntary safety standards at a number of steps in the process. Staff first submits recommendations for new standards, or modifications of existing standards, to voluntary standards organizations. After receiving our recommendations, the organizations may conduct technical assessments, as appropriate, publish a proposal for comment, receive and evaluate comments, and

* On August 14, 2008, the Consumer Product Safety Improvement Act of 2008 was signed into law. This law changes some of our approaches to product safety; however, the effect will not have a major impact until fiscal year 2009.

publish a standard. This process may take months or several years. Staff participates in the process by providing expert advice, technical assistance, and information based on data analyses of how deaths, injuries and/or incidents occurred. Our voluntary standards policy does not permit us to vote on proposed changes or new standards. However, our comments are considered throughout the process.

Safety standards may also be developed through mandatory rulemaking. If a voluntary standard exists, then by law, we may issue a mandatory standard only when we find that the voluntary standard will not eliminate or adequately reduce the risk of injury or death or it is unlikely that there will be substantial compliance with the voluntary standard.

During the rulemaking process, we seek input from all interested parties, including consumers, industry, and other government agencies. We usually develop performance standards, rather than design standards, to give manufacturers the most flexibility in meeting our requirements. Examples of mandatory standards are requirements for child-resistant lighters and for mattresses. We may initiate rulemaking based on petitions from outside parties or based on our own internal staff work.

Compliance

We also reduce hazards through compliance activities. Compliance staff identifies defective products through their own investigations. We learn about potential product defects from many sources, including consumers, through our hotline and Web site. In addition, firms are required by law to report to the Commission potential product hazards that could present a serious risk or violations of standards. In 2005, staff developed a *Retailer Reporting Model* to report incidents related to products sold in their stores. This model is now being followed by six companies, including two of the nation's largest retailers.

When a recall is necessary, Compliance staff negotiates with the responsible firm. In 2008, CPSC completed 563 cooperative recalls (100 percent voluntary) involving nearly 60.8 million consumer product units that either violated mandatory standards or presented a substantial risk of injury to the public. Where companies fail to report as required, CPSC can seek penalties in court. In 2008, CPSC negotiated out of court settlements in which 23 companies voluntarily agreed to pay \$3.675 million in civil penalties to the U.S. Treasury.

To assist industry in recalling products and complying with our regulations easily and quickly, we rely on Fast Track product recalls and the work of our Small Business Ombudsman. We developed the Fast Track program to streamline the process of recalls for firms that were willing and prepared to recall their products quickly. Because every defective product presents a risk of injury or death, removing hazardous products from the marketplace faster can prevent more injuries and save more lives. Recalls under the Fast Track program are conducted without the need for staff to perform a time-consuming hazard analysis and, over 90 percent of the time, are implemented within 20 days of a firm's report to CPSC. For non Fast-Track corrective actions, we also established new efficiency goals to complete key actions within a challenging time period.

We use a Small Business Ombudsman to help small firms comply more easily with product safety regulations and guidelines by providing them with a single point of contact for assistance and information. The Ombudsman coordinates a clear and understandable response from our technical staff so that firms receive the information they need within three business days.

Consumer Information

CPSC warns the public about product-related hazards. Our "Drive to One Million" campaign was started in 2007. This effort uses several different Agency tools to make the public aware that, despite our best efforts, there are still many recalled products in the hands of the public. Our goal is to have at least one million consumers sign up to receive, free of charge, potentially life-saving information electronically through CPSC's e-mail notification system. Consumers can receive notice of recall information as it is released by signing up at www.cpsc.gov/cpsclist.aspx.

We alert the public through print and electronic media, our hotline, our listservs, the Internet (www.cpsc.gov, www.recalls.gov, and www.atvsafety.gov), and other outreach activities such as the *Neighborhood Safety Network (NSN)*. The *NSN* is a grassroots outreach program that provides timely, life-saving information to 5,500 organizations and individuals who, in turn, share our safety posters and news alerts with underserved consumers who might otherwise never hear or receive the information from CPSC. Additionally, we develop and provide safety information to the public through safety and recall alerts, print and video news releases, public service announcements, publications, national and local television appearances, and hotline messages. When knowledge of a hazard requires immediate warnings to the public, we work closely with the media (newspapers, radio, TV, news wire services) to disseminate our message. For warnings that need to be repeated -- and most do -- we often rely on outreach by partnering with other organizations and using programs, such as the *NSN*, to more rapidly disseminate important safety information.

In order to make the *Neighborhood Safety Network* program even more effective and useful for grassroots safety organizations, CPSC developed an online toolkit that allows them to build their own safety campaign. The toolkit allows communities to promote safety and health by downloading a variety of free publications, posters, checklists, and tools to create their own program on topics such as fire safety, drowning prevention, ATV safety, and older consumer safety. The toolkit has a "Design a Safety Program" link to assist officials in disseminating this life-saving information in their communities. CPSC will continue to update this site with new programs and will continue to promote the initiative among the more than 5,500 members of *NSN*.

In advance of and in the aftermath of natural disasters and hurricanes, CPSC contacts radio stations, newspapers, and television stations in the affected regions to warn against the deadly dangers of using portable gas generators indoors. CPSC also issues radio public service announcements and has provided a video news release on generator safety to the media. In addition, CPSC now requires a warning label on generators to communicate carbon monoxide dangers to the public. On CPSC's Web site there are

downloadable posters, safety cards, and door hangers also warning consumers to never use gas generators indoors.

We have improved our Web site, consumer hotline, National Injury Information Clearinghouse, and publications distribution capability to better serve the public. CPSC's Web site has grown to 40.5 million visits in 2008. The number of times users accessed publications on various hazards from our Web site has increased to 4.2 million. This increase is due, in part, to the successful introduction of new technology such as the Really Simple Syndication (RSS) feed system. RSS has replaced faxing and emailing to disseminate product safety information to the public, providing instantaneous release of information. RSS enables CPSC to post recalls and press releases in a format that allows TV stations and other media to obtain the information from CPSC's Web site and, in seconds, have the information posted on their Web sites.

We post and spotlight recall notices on the Web site at the same time that we issue a news release announcing a recall. Consumers and firms can file reports of unsafe products on-line and firms are ensured of confidentiality by encrypted transfer of data. Product safety information is also available in Spanish.

In 2003, we initiated the creation of www.recalls.gov, an innovative "one-stop shop" for all federal product recalls, in partnership with five other federal health and safety regulatory agencies. This Web site is an easy-to-use portal to all federal agencies that have the authority to conduct safety recalls. In 2008, there were about 2 million visits to the site.

The hotline receives consumer complaints and provides information on product hazards and recalls to the public. The National Injury Information Clearinghouse provides injury data to our staff and the public and provides manufacturers with consumer complaints, reported incidents, and investigations involving their products.

HOW WE IDENTIFY HAZARDS

CPSC collects data on consumer product-related injuries and deaths, as well as economic and hazard exposure information, for products under our jurisdiction. We also investigate specific injury cases to gain additional knowledge about injuries or hazards and how the reported product was involved. We systematically analyze this information to determine where hazards exist and how to address them. These activities reflect the Agency's commitment to making decisions based on appropriate data analyses. This work provides underlying support to all of CPSC's safety activities.

Product-Related Injuries

Each year, we collect information about product-related injuries treated in hospital emergency rooms through our National Electronic Injury Surveillance System (NEISS). This unique system provides statistically valid national estimates of product-related injuries from a probability sample of hospital emergency rooms and is the foundation for many CPSC activities. Several foreign governments have modeled their national injury data collection systems after CPSC's system. Annually, NEISS supplies over 360,000 product-related cases from a sample of about 100 hospitals. The hospitals transmit incident information electronically and, in some cases, the data are available within 24 hours after an incident.

In 2000, NEISS was expanded to provide data on all trauma-related injuries based on the Institute of Medicine's recommendation. These expanded data provide other federal agencies, researchers, and the public with more comprehensive information on injuries from all sources, not just consumer products. The effort is being supported by reimbursable funds of approximately \$2 million from the Centers for Disease Control and Prevention (CDC). The reimbursable funds allow us to collect non-consumer product injury data, while we continue collecting consumer product injury data with CPSC funds.

Product-Related Deaths

CPSC also collects mortality data. We purchase, review, and process about 8,000 death certificates each year covering unintentional product-related deaths from all 50 states. Under our Medical Examiner and Coroner Alert Project, we collect and review an average of more than 4,600 additional reports from participating medical examiners and coroners throughout the country. We also collect and review an average of 8,200 newsclips and 12,450 other reports of product-related injuries and deaths from consumers, lawyers, physicians, fire departments, and others.

Early Warning System

In 2007, CPSC staff established a pilot program for an Early Warning System (EWS) that will facilitate rapid identification and corrective actions regarding emerging product-associated hazards. The pilot consists of a system of processes and procedures that integrate timely input from subject matter experts (SMEs) and electronic assessment tools for evaluating incoming product-related reports. In 2008, staff implemented processes and procedures from the pilot EWS focusing on products found in the sleeping environments of children – cribs, bassinets, and play yards (play pens). A multidisciplinary team of SMEs meet weekly to evaluate and characterize the hazard scenarios and failure modes of product-associated incidents received during the previous week. An electronic database was developed and updated weekly to capture the hazard scenarios, failure modes, investigative status, and compliance action disposition of each incident. Work on EWS contributed to three recalls involving more than 780,000 cribs, demonstrating the successful implementation of the pilot EWS processes and procedures.

Emerging Hazards

CPSC staff has systematically reviewed death and injury data and associated cost data by product grouping (such as heating, cooking, ventilating equipment, general household appliances, children's products, and home workshop tools) and conducted other emerging hazard reviews. We conduct special studies in areas identified by the strategic planning process, data reviews, or other staff activity. An investigation begins with careful review of all incoming reports to identify those most important for further study. These cases are followed up with a telephone interview and continued, if appropriate, with an on-site investigation when information is needed on how specific types of injuries occurred. The resulting information shows the interaction among the victim, the product, and the environment, and forms the basis for developing appropriate remedial strategies. We also screen all incoming data daily to identify products that may be associated with increasing numbers of injuries.

We conduct economic studies to provide specialized economic information to staff, Commissioners, other agencies, and the public. Staff develops injury cost projections to estimate potential benefits

associated with Agency actions. We generate estimates of numbers of products in use to determine potential recall effectiveness and consumer exposure to product hazards, and to support Agency hazard analysis work.

The public may file a petition requesting that CPSC regulate a consumer product under its jurisdiction. In response to these petitions, staff may prepare briefing packages for Commission consideration to grant, deny, or defer the petitions.

APPROACHES TO PRODUCT SAFETY SUMMARY

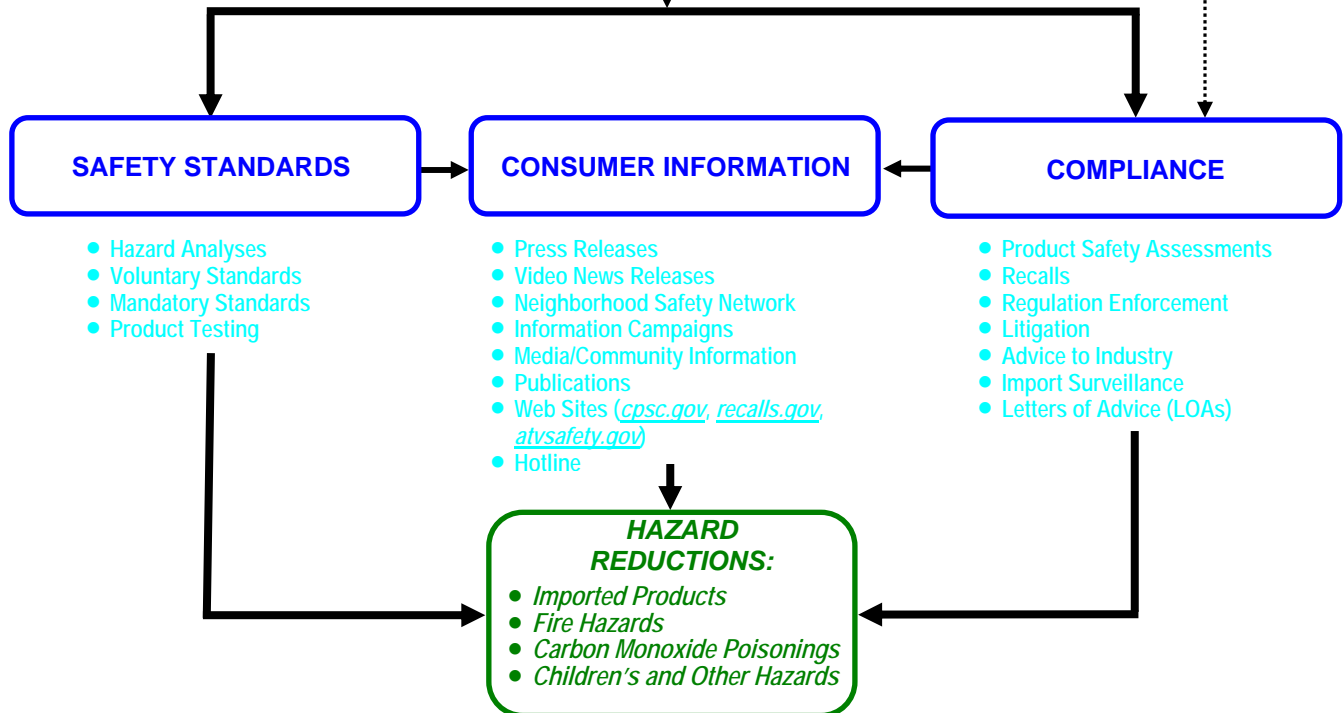
IDENTIFYING HAZARDS:

- INJURIES, DEATHS, & INCIDENTS**

 - *Early Warning System*
 - *NEISS Hospitals*
 - *Death Certificates*
 - *Medical Examiners*
 - *Hotline/Web Site Consumer Complaints*
 - *Newsclips*
 - *Investigations*
 - *Industry Reports*

- National Estimates
- Emerging Hazards
- Economic Analysis
- Petition Responses

REDUCING HAZARDS:



CPSC'S STRATEGIC PLAN AT A GLANCE

STRATEGIC GOALS

CPSC is a results-oriented agency. Our second Strategic Plan adopted in September 2003 (currently under revision) focuses on the following two* results-oriented hazard reduction strategic goals:

- **Reduce the death rate from fires by 20 percent.**
- **Reduce the death rate from consumer product related carbon monoxide poisonings by 20 percent.**

Congressional passage of historic legislation (the Consumer Product Safety Improvement Act, CPSIA) in August 2008 affected all of our statutes. The implementation of this new legislation, with challenging deadlines and tasks, may delay some of our work, such as a Strategic Plan revision. Other strategic goals and linked annual performance goals set for quality services and customer satisfaction for CPSC's web site, hotline, clearinghouse, Ombudsman, and State Partners may also be affected.

RELATIONSHIP OF STRATEGIC AND ANNUAL PERFORMANCE GOALS

In 2008, the Strategic Plan set the direction of the Agency and formed the basis for allocating resources. Annual performance goals were linked to the strategic goals through projects and activities. CPSC also set annual performance goals in other areas that were not in the Strategic Plan, such as children's hazards. This performance report includes accomplishments in both strategic and non-strategic goal areas.

* A third strategic goal (Reduce the rate of swimming pool and other at-home drownings of children under 5 years old by 10 percent) discontinued in our 2007 Operating Plan due to resource limitations. Limited work in this area has continued.

2008 PERFORMANCE SUMMARY

We met or exceeded most of our 2008 Performance Plan goals. It is important to note that in February 2008, CPSC lost its quorum, which impeded the Commission's rulemaking ability for about six months until August 2008 at which time the quorum was regained. In successful pursuit of the 2008 plan, we made these safety advances:

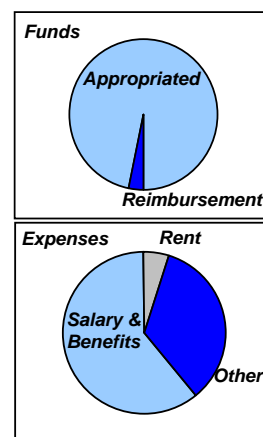
- ❖ Implemented the Import Safety Initiative and addressed import safety with a number of activities including dialogue and initiatives with China and other foreign governments; working with the private sector, including foreign manufacturers directly; and created the Import Surveillance Division, representing the first permanent, full-time presence of CPSC personnel at key U.S. ports of entry. The port investigators will work with compliance officers, research analysts, attorneys, and support staff.
- ❖ Began implementation of the Consumer Product Safety Improvement Act of 2008 (CPSIA) by planning rulemaking, enforcement, and other safety standard activities. Launched a public education program to inform the public on the requirements of the new CPSIA, which included conducting public meetings starting on September 4th, 2008 to explain the requirements of the CPSIA Act to businesses and the public. A website for all CPSIA activities has also been created (www.cpsc.gov/about/cpsia/cpsia.html).
- ❖ Continued the Early Warning System (EWS) initiative which is designed to identify emerging product safety hazard patterns more quickly and effectively. The EWS is focusing on cribs, bassinets, and play yards (playpens). Work on the EWS contributed to three recalls involving more than 780,000 cribs.
- ❖ Obtained 563 voluntary recalls, the largest number in the last 10 years. These recalls involved about 60.8 million product units. In addition, we obtained \$3.675 million in civil penalties for failure to report possible product hazards in a timely manner and for selling banned fireworks.
- ❖ Sustained the high level of customer satisfaction with CPSC's Hotline. About 90 percent of respondents to a survey were satisfied with the service.
- ❖ Informed the public through CPSC's communication network. We alerted the public to hazardous products through 529 press releases and recall alerts, 5 million electronically-distributed publications, and through CPSC's Web site, consumer hotline, and National Injury Information Clearinghouse. We had 40.5 million Web site visits, a 25 percent increase from 2007.
- ❖ Continued enforcement of the mandatory mattress open flame standard, which was approved by the Commission in 2006, and became effective in 2007. CPSC staff participated in industry sponsored seminars and responded to questions posed by test laboratories, industry associations, importers, retailers, and manufacturers. In addition, CPSC staff compiled several written documents and continued to maintain the Mattress Flammability Information Web page (www.cpsc.gov/businfo/mattress.html), which serves as a useful resource to all interested parties.
- ❖ Published a notice of proposed rulemaking (NPR) on upholstered furniture on March 4, 2008 and received public comments. The staff began evaluating the comments and initiated technical studies to support a possible final rule.
- ❖ Prepared a briefing package in response to requirements in the CPSIA, that laid out a program for testing laboratories throughout the world to be accepted by the Commission as accredited to test to the requirements of CPSC's lead paint ban. This program was accepted by the Commission.
- ❖ Supported ongoing rulemaking by continuing investigation of various strategies to reduce

consumers' exposure to carbon monoxide (CO) and to enable and encourage them to use generators outdoors only. Those strategies include generator engines with substantially reduced CO emissions and interlocking or automatic shut-off devices. Through our voluntary standards activity, we proposed modifications to the Underwriters Laboratories (UL) Standard for Single- and Multiple-Station CO Alarms to develop an end-of-life warning and to develop a test method including CO alarm response to rising CO levels. These were accepted by the UL Standards Technical Panel. The provisions become effective in August 2009. Additionally, the Agency issued warnings, through press releases and Podcasts, to the public regarding CO hazards associated with portable generators and urged consumers to use CO alarms in their homes.

2008 RESOURCES

In 2008, CPSC's total available resources of \$82,871,108 included \$80,000,000 (96.5%) appropriated by Congress and \$2,871,108 (3.5%) in reimbursements from others. The majority of these reimbursement funds were from other federal agencies for the collection of injury data for incidents not under CPSC jurisdiction using our unique data collection systems.

CPSC obligated \$79,947,673 (99.9%) in appropriated funds. Staff salary and benefits made up most of these obligations. In 2008, the Commission funded an average 396 FTEs using \$48,886,912 (61.2%) of appropriated funding. We obligated \$4,166,400 (5.2%) on space rent to house our staff and product testing facility. CPSC obligated the balance, \$26,894,361 (33.6%), for various support costs, such as laboratory modernization, information technology and other contractual support services, staff travel, information technology equipment, and supplies.



Total resources for CPSC increased from 2007 to 2008. The financial statements, however, do not reflect any significant differences between fiscal years not accounted for by the increase in total resources.

Appropriated Expenditures

	<u>2007</u>		<u>2008</u>	
	<u>FTEs</u>	<u>\$000</u>	<u>FTEs</u>	<u>\$000</u>
Reducing Product Hazards				
Fire Deaths	126	\$19,445	120	\$20,811
Carbon Monoxide Poisoning	16	3,158	6	1,118
Children's and Other Hazards	169	25,500	188	32,572
Identifying Product Hazards	82	12,460	82	17,447
Lab Modernization*		2,100		8,000
TOTAL COMMISSION	<u>393</u>	<u>\$62,663</u>	<u>396</u>	<u>\$79,948</u>

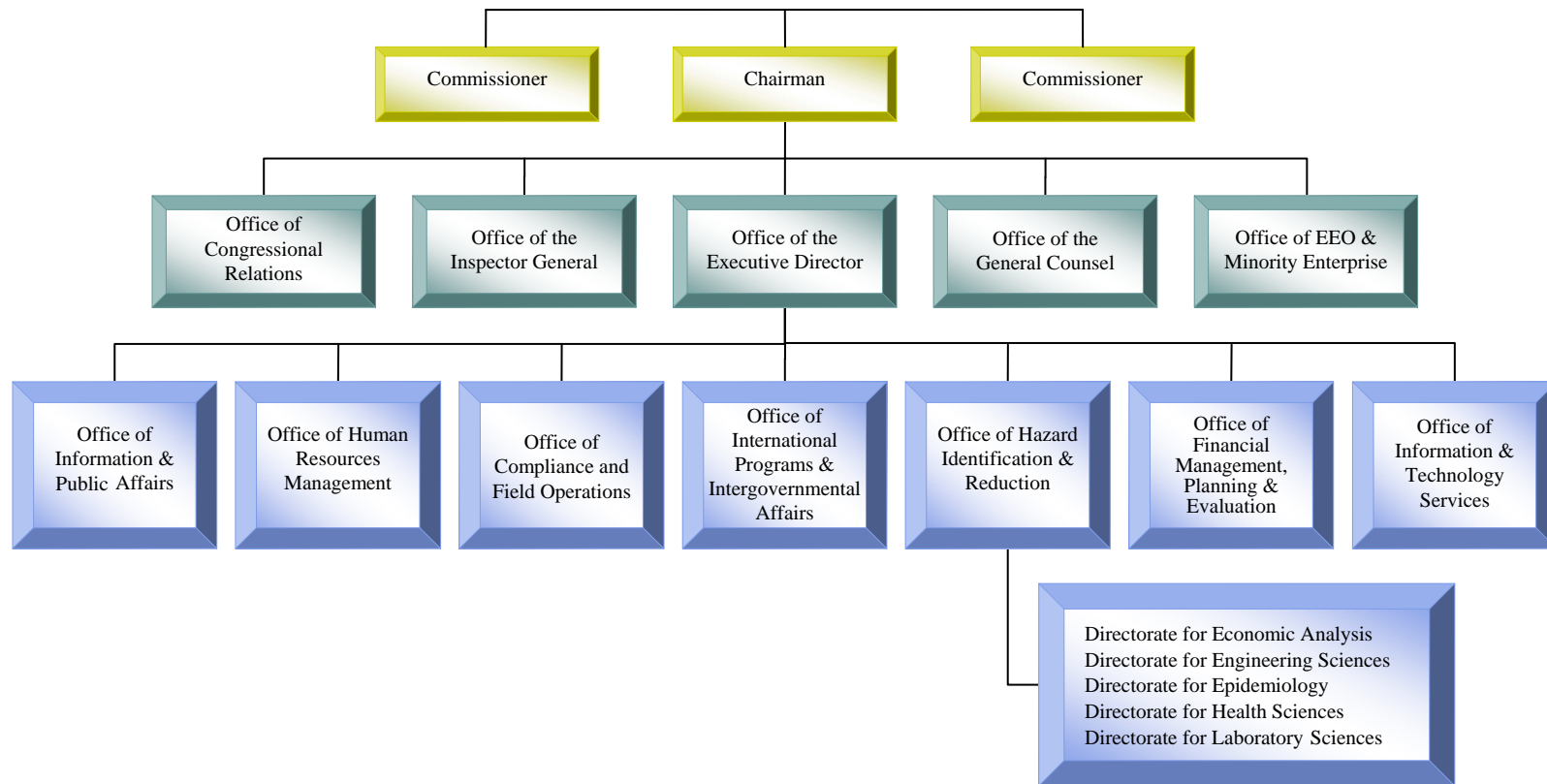
*Lab modernization activity supports all hazard reduction efforts.

Note 1: In 2008, CPSC also collected \$3,634,470 in revenue held in *custody only* from civil penalties and fines, Freedom of Information Act and miscellaneous fees, and fees collected for the Department of Justice that were transferred to the U.S. Treasury or retained by the Department of Justice.

Note 2: FTEs calculated based on the Office of Management and Budget method using 26 pay periods.

ORGANIZATIONAL STRUCTURE

The Commission is composed of three members appointed by the President with the advice and consent of the Senate. The Chairman is the principal executive officer of the Commission. The following depicts the organizational structure of the CPSC.



OTHER CONSIDERATIONS

ANALYSIS OF FINANCIAL STATEMENTS

CPSC management has not identified any substantial financial management issues facing the Commission. Management has not found any major changes in the Commission's assets, liabilities, costs, revenues, obligations, and outlays.

ANALYSIS OF SYSTEMS, CONTROLS AND LEGAL COMPLIANCE

CPSC's system of internal control provides reasonable assurance that: obligations and costs are in compliance with applicable law; funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and expenditures applicable to agency operations are properly recorded and accounted for. The Agency completed its 2008 review of the adequacy of management controls required under the Federal Managers' Financial Integrity Act. Managers assured the adequacy of management controls and conformance of financial systems with government-wide standards. No material weaknesses were identified during this review.

CPSC's accounting system conforms to the principles, standards and requirements of the Federal Managers' Financial Integrity Act and its related legislation. CPSC uses the computer-based Federal Financial System (FFS) as CPSC's Financial Management System. FFS is the core financial system featuring general ledger control over Agency resources, obligations and spending. It provides for the single entry of data and reconciliation to ensure the accuracy and completeness of transactions.

CPSC has performed reviews of the Agency's financial management system and has examined or tested accounting records and other supporting evidence, to the extent deemed appropriate. No material problems or weaknesses were disclosed. The FFS application is maintained by the Department of Interior's (DOI) National Business Center in Denver, Colorado through a cross-servicing agreement. An independent auditor has issued a 2008 opinion on the FFS application that found full compliance with all regulations and that FFS had no material weaknesses.

MANAGEMENT COMMENT ON INSPECTOR GENERAL STATEMENT OF MANAGEMENT CHALLENGES

The Office of the Inspector General has identified management and performance challenges facing CPSC (see Financial Report section). These include:

- Implementation of the Consumer Product Safety Improvement Act (CPSIA)
- Management of Human Capital
- Information Technology and Protection of Personally Identifiable Information

CPSC concurs in the identification of these challenges. As noted by the Inspector General, CPSC has taken positive substantive action in all these areas. Implementation planning for CPSIA began before the signing of the legislation on August 14, 2008. This legislation represents the most extensive changes to our authorities since the founding of the Agency in 1973. Working on implementation of new programs while maintaining the Agency's on-going safety work, such

as recalls of unsafe products, will be a challenge because our resources to date have not been increased to account for the new legislation. The Agency has launched an extensive program of industry and other stakeholder education on the requirements of the new Act.

CPSC is addressing human resource management challenges to meet workforce-planning needs. The underlying human resource infrastructure is sound. CPSC has recently completed a successful hiring drive, increasing our employment by over 10%. Many of the new staff was hired in entry-level positions as a succession planning tool to transfer knowledge and skills. CPSC recently received a positive performance audit from the Office of Personnel Management. To address future needs, staff continues to conduct in-depth skill gap analysis and develop training plans for mission critical positions to help identify training needs. A new staff position has been dedicated to addressing employee development issues. An agency Human Capital plan is in draft and planning is underway to implement a Human Capital Accountability system.

CPSC implemented upgraded security measures to protect its employees and facilities. CPSC addressed weaknesses previously identified in information technology security audits and recognized that continuous security development is necessary. CPSC has begun implementation of an action plan to improve the Agency's ability to protect personally identifiable information. This includes a review of all systems containing personally identifiable information, improved training, and manager certification of compliance with requirements.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of CPSC, pursuant to the requirements of 31 U.S.C. 3515(b).

While the statements have been prepared from the records of CPSC in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

PAYMENTS MANAGEMENT

CPSC has reviewed its programs and activities and determined that none is susceptible to significant erroneous payments. Significant erroneous payments are those defined as annual erroneous payments in the program exceeding both 2.5 percent of program payments and \$10 million. CPSC has no annual erroneous payments that meet these criteria. CPSC's annual appropriation for 2008 was \$80 million. All payments were reviewed to determine if any were erroneous as defined in "The Improper Payments Information Act of 2002" (Public Law 107-300). CPSC's current procedures are adequate to prevent significant erroneous payments.

INTRODUCTION

PERFORMANCE REPORT ORGANIZATION

This Performance Report gives a comparison of 2008 actual performance with the annual goals and targets set forth in the 2008 Performance Budget (February 2008). The goals are in *italics* to distinguish them from the accomplishments. CPSC's 2008 performance is characterized as follows:

- Exceeded – work was accomplished beyond the target.
- Met – performance goal met exactly as stated.
- Not Met – the goal was not met; for goals that are estimates and based on historical trends, a new target will be set the following year.
- Not Met – Deferred – due to limited resources and higher priority work associated with the Consumer Product Safety Improvement Act, a number of projects were deferred in 2008. While we are on a continuing resolution, work on many of these projects will continue to be deferred until the 2009 appropriation is enacted and the Commission votes on its official operating plan.
- Data Not Yet Available – final data will be reported in the President's Request to Congress.

The Performance Report contains the death and injury data that were included in the Performance Budget. We may have more recently available data, but for this report, we retained what was in the Performance Budget since it was the basis for development of the performance goals.

RELATIONSHIP OF STRATEGIC AND ANNUAL PERFORMANCE GOALS

The Strategic Plan sets the direction of the Agency and allocates resources. Each year, we link annual performance goals to the strategic goals through projects and activities. CPSC also sets annual performance goals in other areas that are not in the Strategic Plan, such as electrocution hazards, drowning hazards, and data collection. We also set annual performance goals to support the President's Management Agenda. This Performance Report includes accomplishments in both strategic and non-strategic goal areas.

TWO TYPES OF ANNUAL PERFORMANCE GOALS

We set performance goals for our key hazard reduction and identification activities, CPSC services to industry and consumers, and the President's Management Agenda. These activities require two different types of performance goals.

First, for product related activities, corrective action activities, and many of the activities under the President's Management Agenda, annual goals are set targets for completing a certain number of the activities, e.g., sending a targeted number of recommendations to voluntary standards organizations designed to address fire-related deaths. Corrective action goals are targets related to timeliness and efficiency and are set in terms of percentages, e.g., negotiating and obtaining corrective action on a percentage of cases where a CPSC standard has been violated.

Second, for activities that address unforeseen safety issues, such as recalls, news releases, and consumer outreach, annual goals are more appropriately characterized as estimates. We set numerical estimates for these activities based on a review of past years' data. The actual number of recalls, news releases, and consumers reached through video news releases (VNRs), television appearances, and our Web publications typically varies from these estimates, depending on the number and type of safety-related issues that arise during that year.

IMPORT SAFETY INITIATIVE[#]

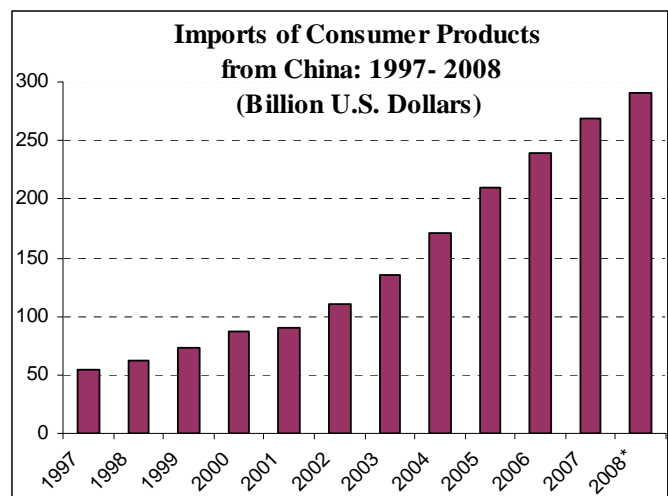
THE PROGRAM



There has been an unprecedented surge of imported consumer products into the United States, especially from China. These products may not have been tested to voluntary or mandatory safety and performance standards. Therefore, it is important for product safety that there is a strong federal presence in the import arena. CPSC recalled a record number of hazardous imported products from China in 2008, including toys and children's jewelry.

The safety issues associated with this increase in imports have created new challenges for CPSC. In the past, when most products were manufactured in the U.S. or at least the final assembly and quality control was being done domestically, it was easier to enforce federal safety standards. For example, when a product was suspected of posing a safety hazard, CPSC staff could focus on the specific manufacturers/importers, inspect their local facilities, collect product samples for laboratory analysis, meet with company officials in person and work out a satisfactory corrective action plan. Traditional methods of marketplace surveillance and enforcement, while still necessary, have limited effectiveness to address new avenues of commerce such as direct Internet sales to U.S. consumers by foreign entities. The ability for potential small business retailers and foreign manufacturers to quickly locate each other via the Internet and communicate cheaply has truly created a global market place. CPSC has no physical presence overseas and traditional methods of compliance oversight, such as firm and factory inspections by CPSC investigators, do not take place overseas.

About 85 percent of U.S. product recalls now are of imported products and the large majority of those products are manufactured in China. The value of U.S. imports from all countries of consumer products under CPSC's jurisdiction was \$639 billion in 2007, with imports from China valued at \$269 billion, comprising about 42 percent of all consumer products imported into the United States. From 1997 through 2008, the value of all U.S. imports of consumer products from China more than quadrupled. CPSC is addressing the issue of consumer product import safety with a number of activities including: dialogue and initiatives with China and other foreign governments; working with the private sector, including foreign manufacturers directly; increased surveillance and enforcement activities at the borders and within the marketplace; and CPSC is a member of the President's Interagency Working Group on Safe Imports and has been working closely with the other agencies on that Working Group to share information and to develop integrated strategies to address import safety issues.



* Imports for 2008 are projected.

The 2008 appropriation allowed CPSC to implement the Import Safety Initiative, including the establishment of a new Import Surveillance Division. This marks the first permanent, full-time presence of CPSC investigators at key ports of entry throughout the U.S. The port investigators will work with compliance officers, research analysts, attorneys, and support staff.

[#] Resources for this effort are included in the major program, Reducing Product Hazards to Children and Families, which this activity supports.

CPSC established the *Office of International Programs and Intergovernmental Affairs* in 2004 to provide a comprehensive and coordinated effort with other countries in consumer product safety standards development and implementation at the international, federal, state, and local levels. The Office conducts activities and creates strategies aimed at ensuring greater import compliance with recognized American safety standards. A major emphasis of this program is encouraging foreign manufacturers to establish product safety systems as an integral part of the manufacturing process.

Imports from China

Annual Goals Summary		2004	2005	2006	2007	2008
Dialogue and Initiatives with the Chinese Government						
1. Participate in biennial U.S.-Sino-Product Safety Summit	Goal	**	**	**	**	0
	Actual	0	1	0	1	0
2. Develop or continue implementation of cooperative work plans in selected product areas	Goal	**	**	2	4	4
	Actual	--	--	2	4	4
3. Review and update China program plan	Goal	**	**	1	1	1
	Actual	--	--	1	1	1
4. Conduct periodic review with Chinese regulatory officials to exchange information about significant recalls and/or other product safety issues	Goal	**	**	**	**	12
	Actual	--	--	--	--	12
5. Conduct outreach/training events for Chinese government officials	Goal	**	**	**	**	3
	Actual	--	--	--	2	3
Working with the Private Sector						
6. Conduct outreach/training events for Chinese manufacturers	Goal	**	**	**	**	2
	Actual	--	--	--	--	3
7. Conduct outreach/training events for U.S. importers of Chinese products	Goal	**	**	**	**	2
	Actual	--	--	--	--	3
8. Explore options for effective representation in China	Goal	**	**	**	**	1
	Actual	--	--	--	--	1

** No goal established.

-- Data not available.

Dialogue and Initiatives with the Chinese Government

1. Participate in biennial U.S.-Sino Product Safety Summit.

Biennial U.S.-Sino Product Safety Summit

The first Product Safety Summit took place in Beijing, China in 2005, between CPSC and the General Administration for Quality Supervision and Inspection (AQSIQ), CPSC's Chinese counterpart agency. At that time, CPSC and AQSIQ signed an Action Plan on Consumer Product Safety and agreed to hold a Safety Summit every two years. In accordance with the Action Plan, AQSIQ and CPSC established four working groups: Fireworks, Toys, Lighters, and Electrical Products. The Work Plans for these were presented at the 2nd Biennial Consumer Product Safety Summit held in Washington, D.C., on September 11, 2007. At that event, CPSC and AQSIQ explained their expectations for retailers, importers, exporters, and manufacturers dealing in consumer products. A third Summit, in 2009, will build on these events with the goal of institutionalizing a culture of product safety among Chinese consumer product exporters.

Goal: *There is no summit planned for 2008. In 2009, CPSC will participate in the third biennial U.S.-Sino Product Safety Summit.*

2. Develop or continue implementation of cooperative work plans.

Cooperative work plans

The 2005 Action Plan on Consumer Product Safety with AQSIIQ outlines specific cooperative actions to be taken by CPSC and AQSIIQ to improve the safety of consumer products. These include: training; technical assistance, a mechanism to provide for “urgent consultation” when necessary; information exchanges; and the creation of Working Groups to address issues in four priority areas – fireworks, lighters, electrical products, and toys.

In 2007, we communicated to our Chinese counterparts specific problems and negotiated and reached agreements on work plans to address these problems with respect to each of the four product categories covered by the Working Groups.

Goal: *In 2008, CPSC staff will continue to cooperate with the Chinese counterparts and prepare a status report on implementation of work plans for all four priority areas. Work plans include activities such as industry-specific seminars, retail/vendor training seminars, foreign delegation briefings, and roundtables with stakeholders.*

Met: Staff worked with Chinese counterparts throughout the year and work plans in all four priority areas are under active implementation. Staff prepared a status report of the work plan progress, which included text translations, training, and exchanges of regulations.

3. Review and update China program plan.

China program plan update

The China program plan was originally developed in 2005 as a way of managing CPSC’s various China-related activities and as the basis for an overall strategy to promote safety and compliance of Chinese consumer products exported to the United States. The plan is reviewed and updated annually to ensure that it takes into account changing conditions and new opportunities for progress.

Goal: *In 2008, staff will review and update the China program plan.*

Met: Staff reviewed and updated the China program plan in September 2008. Additional work was agreed to for 2009, specifically training and information exchange on all-terrain vehicles and lead in children’s products.

4. Conduct periodic review with Chinese regulatory officials to exchange information about significant recalls and/or other product safety issues.

Recall information exchange

A key element in product safety cooperation with another country is the exchange of pertinent information about non-compliant or hazardous products. This supports bilateral compliance efforts and allows staff to emphasize areas needing particular attention.

Goal: In 2008, staff will conduct 12 periodic reviews with Chinese regulatory officials to exchange information about significant recalls and/or other product safety issues.

Met: Staff completed 12 reviews with Chinese regulatory officials throughout the year regarding significant recalls and other safety information. Content included analysis of specific cases, information about new U.S. legislation, and clarification of existing U.S. requirements.

5. Conduct outreach/training events for Chinese government officials.

Outreach/training events for government officials

To maximize Chinese government cooperation with U.S. product compliance efforts, it is essential to convey sufficient understanding of U.S. regulatory requirements. Outreach/ training events that present useful techniques, regulatory best practices, and relevant experience increase the chances of effective bilateral cooperation.

Goal: In 2008, CPSC staff will conduct three outreach/training events for Chinese government officials.

Met: Staff conducted three training events for Chinese government officials focusing on toys, electrical products, and clothing.

Working with the Private Sector

6. Conduct outreach/training events for Chinese manufacturers.

Outreach/training events for Chinese manufacturers

In order to maximize Chinese manufacturers' cooperation with U.S. product compliance efforts, it is essential to convey sufficient understanding of the U.S. regulatory environment. Outreach/ training events that explain U.S. statutory and regulatory requirements, present useful techniques, regulatory best practices, and relevant experience increase the chances of effective cooperation and the level of compliance.

Goal: In 2008, CPSC staff will conduct two outreach/training events for Chinese manufacturers.

Exceeded: Staff conducted three training events for Chinese manufacturers focusing on toys, electrical products, and clothing.

7. Conduct outreach/training events for U.S. importers of Chinese products.

Outreach/training events for U.S. importers

In order to maximize U.S. importers' cooperation with U.S. product compliance efforts, it is essential to convey sufficient understanding of the U.S. regulatory environment, as it applies to imports. Outreach/training events that explain U.S. statutory and regulatory requirements, present useful techniques, regulatory best practices, and relevant experience increase the chances of effective cooperation and the level of compliance.

Goal: In 2008, CPSC staff will conduct two outreach/training events for U.S. importers.

Exceeded: The Import Surveillance Division conducted several outreach events to train both importers and brokers of the anticipated changes with respect to imported consumer products. They include the Trade Safety Network Symposium in Dallas, Texas; a meeting with the shipping company UPS in Los Angeles, California; and the Department Advisory Committee for Commercial Operations of Customs and Border Protection and related Homeland Security Functions. This committee provides advice to the Commissioner of Customs and Border Protection, Secretary of DHS, and Secretary of Treasury.

8. Explore options for effective representation in China.

Explore options for effective representation in China

Goal: *In 2008, CPSC staff will explore options and make a selection for effective representation in China in order to improve communication channels with Chinese export officials and Chinese suppliers of consumer products exported to the United States.*

Met: Staff explored options for effective representation in China. A preliminary representation option has been selected, however, implementation is dependent on approval of the Chinese Foreign Ministry and funding from Congress.

Imports from All Countries

Annual Goals Summary		2004	2005	2006	2007	2008
Surveillance and Enforcement Activities						
9. Create an Import Surveillance Division and conduct import safety improvement activities	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
a. Increase the number of samples of imported products for testing [#]	Goal	**	**	**	**	750
	Actual	838	682	613	725	937
b. Inspect shipments of potentially hazardous products (product categories)	Goal	**	**	**	**	8
	Actual	--	--	--	--	13
c. Cross-train other federal agencies working at the ports to identify hazardous imported products	Goal	**	**	**	**	4
	Actual	--	--	--	--	6
10. Work with GSA to improve facilities for the testing/evaluation of imported samples	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
11. Establish an in-house capability to conduct Human Factors product research	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
12. Test/evaluate import samples	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
13. Develop a compliance rate	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
Memoranda of Understanding (MOUs)						
14. Review and, as needed, update MOUS older than 3 years	Goal	**	**	5	3	1
	Actual	--	--	5	3	1
Communication/Consumer Information						
15. Respond to requests for information from foreign manufacturers and others through the Web site within 3 business days	Goal	**	**	**	**	90%
	Actual	--	--	--	--	100%
16. Consumer outreach for imports (millions)	Goal	**	**	**	**	450
	Actual	--	--	125	966	185
17. Conduct public information efforts/partnerships	Goal	**	**	**	**	2
	Actual	--	--	--	--	2
Improving Rapid Identification of Import Safety Issues						
18. Develop metrics for quick identification of hazardous products through Customs' and CPSC's databases	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
19. Improve tracking mechanisms used for case-management, complaint tracking, trend analysis, and report production	Goal	**	**	**	**	1
	Actual	--	--	--	--	0

** No goal established.

-- Data not available.

Prior to 2008, the results for this goal are for collected samples. The 2008 data reflects tested samples.

Surveillance and Enforcement Activities

9. Create an Import Surveillance Division and conduct import safety improvement activities.

Import Surveillance Division

The marketplace within which consumer products are made available for sale to the public has changed dramatically in recent years. A far greater percentage of consumer products are now imported. The ability for small business retailers and foreign manufacturers to quickly locate each other via the internet and communicate cheaply has truly created a global marketplace.

Goal: In 2008, CPSC will create an Import Surveillance Division with specialists specifically trained in import surveillance procedures and the rapid identification of defective and non-complying consumer products to conduct import safety improvement activities.

Met: In 2008, CPSC created an Import Surveillance Division with staff assigned full time at some of the nation's busiest ports.

a. Increase the number of samples of imported products for testing.

Sample testing

Members of the Import Surveillance Division are CPSC's frontline in identifying the imported products that violate CPSC enforced regulatory requirements or that contain defects that present a significant risk of injury. These investigators will screen products and ship samples to other CPSC locations for final determinations.

Goal: In 2008, staff will test 750 samples of imported consumer products that are suspected of being non-conforming or defective, by an increased staff presence at the ports.

Exceeded: In 2008, staff tested 937 samples of imported consumer products that were suspected of being defective or not in compliance with CPSC requirements.

b. Inspect shipments of potentially hazardous products.

Inspect shipments

In 2007, CPSC Field staff and U.S. Customs and Border Protection prevented from entering the U.S. market about 4.3 million units of non-complying products. Examples of these products include fireworks, lighters, pacifiers, and rattles. The Import Surveillance Division will continue to conduct activities and create strategies to foster greater import compliance with recognized safety standards.

Goal: In 2008, staff will inspect shipments of potentially hazardous products, as identified by the Import Surveillance Division, for at least eight product categories.

Exceeded: In 2008, staff conducted 20 import surveillance activities as identified by the Import Surveillance Division, for 13 product categories. Examples of these product categories include toys, holiday lights, extension cords, lighters, fireworks, children's jewelry, and children's sleepwear.

c. Cross-train other federal agencies working at the ports to identify hazardous imported products.

Working with other federal agencies

CPSC works with other federal agencies on inspection of import shipments of consumer goods.

Goal: In 2008, staff will cross-train other federal agencies' staff working at four ports to identify hazardous imported products.

Exceeded: In 2008, CPSC staff cross-trained staff from other federal agencies to support CPSC's efforts to stop dangerous goods from entering the U.S. This training was conducted at six ports (Los Angeles, Savannah, Charleston, Chicago, Seattle, and Houston).

10. Work with GSA to improve facilities for the testing/evaluation of imported samples.

Laboratory modernization plan

The CPSC Laboratory plays a vital role in the testing and evaluation of consumer products. The laboratory also contributes to the development of test methods for consumer product safety standards. In January 2007, CPSC requested GSA to evaluate real estate options for the Laboratory, including obtaining offers for leased space that would reduce total operating costs and improve the efficiency of operations by moving the Laboratory into a modern, more efficient space.

Goal: *In 2008, staff will continue to work with GSA to relocate to a modernized Laboratory to facilitate the testing/ evaluation of import samples and support the development of safety standards.*

Met: CPSC staff worked closely with GSA during 2008 to prepare a solicitation for new laboratory space which was published in February 2008. Several competitive bids were received in April, and we continued to work with GSA through the procurement process to review and evaluate the bids. As of September 2008, selection of a winning bid is imminent pending review of GSA's independent technical and cost comparisons of the bids.

In 2009, CPSC staff will work with GSA to complete the procurement process and support GSA's lease award as well as begin working with the building owner on design and planning for any needed site changes.

11. Establish an in-house capability to conduct Human Factors product research.

Enhance Human Factors research capability

In 2005, more than 70 percent of children's games and toys were imported from China. CPSC currently does not have the capability to conduct in-house applied Human Factors research about how adults and children use and interact with toys as well as other products. This research would provide important information for the development of performance standards for toys. These standards would provide the basis for newly required third party certification of imported and domestically produced children's products.

Goal: *In 2008, staff plans to initiate the design of an observation test facility that would accommodate evaluations such as studies of children's play behaviors and unintended uses of toys and other products. This information would contribute to and enhance the other import testing capabilities already available at CPSC.*

Met: In 2008, staff initiated the design of a laboratory that will be used in developing a human factors/ergonomics test facility. The facility will be used to evaluate products that present hazards to

children and allow study of children's play behaviors and interactions with children's products. The design includes plans for instrumentation of the facility with equipment for sophisticated mechanical measurement, digital data gathering, and video documentation.

12. Test/evaluate import samples.

Testing samples

CPSC tests samples of a variety of imported product types with varying time requirements. CPSC does not currently have an integrated database that tracks the time it takes from sample collection at the port to final Customs and Border Protection notification of test results.

Goal: *In 2008, staff will evaluate the existing testing and sample tracking process and make recommendations for system integration to more accurately track the timeliness of sample collection and testing.*

Met: A draft report examining the sample testing and review process was completed and recommendations were made to improve data integration and electronic transfer.

13. Develop a compliance rate.

Compliance rates

To enhance CPSC's ability to enforce product safety standards and conduct investigations involving imported products, CPSC will expand its import surveillance activities. This includes development of improved performance metrics, collection and test/evaluation of product samples, and analysis of test results to track our effectiveness in improving the safety of imported consumer products.

Goal: *Surveillance of consumer products for compliance to mandatory and consensus standards presents many methodological and other challenges. In 2008, CPSC staff will research and evaluate existing surveillance systems and approaches in order to define further measurements of effectiveness and timeliness for import safety related actions.*

Met: CPSC staff researched and evaluated compliance studies conducted by Agency staff during the 1990s focusing on various products including adult sleepwear, bicycles, lead paint in toys, small parts in toys, and other juvenile products in retail stores. Staff also evaluated a study of small parts and lead in imported toys conducted by the U.S Customs Service in 1995. We met with Food and Drug Administration staff and Customs and Border Protection staff and initiated contact with Internal Revenue Service staff to discuss methods and requirements of their systems for both targeted and random sampling surveillance.

The approaches, underlying assumptions, and findings of all identified procedures and systems were evaluated for their potential applicability to an enhanced surveillance system for consumer products. Additionally, CPSC staff published a

Request for Information (RFI) in the Federal Register to ascertain the existence of and/or the capability to develop a system of enhanced consumer product safety metrics. The RFI sought information from the scientific community, health professionals, industry representatives, academic institutions, voluntary standards organizations, and the public. CPSC technical staff reviewed the two RFI responses and developed and evaluated a draft set of options for measuring the effectiveness of import surveillance systems.

Memoranda of Understanding (MOUs)

14. Review and update MOUs older than 3 years.

Annual MOU review

CPSC has MOUs with a number of foreign governments. These agreements, signed with CPSC's counterpart agencies in other countries or regions, establish closer working relationships between the signatories, provide for a greater and more significant exchange of information regarding consumer product safety, and may include plans for informational seminars and training programs. Once MOUs are in place, scheduled review is required in some cases to keep the documents and agreements current.

Goal: *In 2008, staff will review one MOU and develop staff recommendations for possible adjustments of the MOU.*

Met: Staff reviewed the MOU with Japan and concluded that no adjustments were necessary.

Communication/Consumer Information

15. Respond to requests for information from foreign manufacturers and others through the Web site within 3 business days.

Responsiveness to foreign manufacturers and others

CPSC has created a specific section of its Web site to provide detail of the Agency's international programs, access to the formalized cooperative agreements with international counterparts and the electronic copies of the CPSC Handbook for Manufacturing Safer Consumer Products (available in both English and Mandarin). CPSC's international activities Web pages are among the first places foreign officials and producers/exporters look for information about U.S. product safety requirements. The International Activities section of the Web site is especially useful to international manufacturers seeking the relevant regulations, standards, and testing expectations for products bound for the U.S. market. Ensuring that the information presented is up-to-date and that foreign visitors can request additional information are essential elements in gaining cooperation of non-U.S. stakeholders.

Goal: *In 2008, staff will respond to requests for information from foreign manufacturers and others through the International*

activities section of CPSC's Web site in three business days 90 percent of the time.

Exceeded: Staff responded to information requests from foreign manufacturers and others through the *International Activities* section of CPSC's web within three business days 100 percent of the time.

16. Consumer outreach for imports.

Consumer outreach (in millions)

In 2007, 966 million views of CPSC safety messages were received by consumers through TV appearances and VNRs related to import safety campaigns and recalls, as well as from downloading import-related e-publications from our Web site. This number was very high due to recalls of lead painted and magnetic toys from China.

Goal: *In 2008, 450 million views of CPSC safety messages will be received by consumers through TV appearances and VNRs related to import safety campaigns and recalls, as well as from downloading import-related e-publications from our Web site.*

Not Met: The Agency reached 185 million consumers with information related to imported consumer products via broadcast interviews and video news releases. Although CPSC fell short of meeting our projected outreach goal for import safety, one of the most successful communication activities of the year included warning the public of potential hazards from imported products through our *Holiday Toy Safety Messages*, reaching more than 46 million viewers. Another activity involved notifying the public of potentially life-threatening hazards associated with imported magnetic toys when such a toy was recalled, reaching 69 million viewers.

The result for 2008 is lower than the goal and much lower than the number of consumers reached in 2007 due to a decrease in media attention. In 2007, there were a number of recalls of very popular toys and nursery products which drew unprecedented media coverage. Since the media did not react similarly to the recalls that occurred in 2008, the number of consumers reached dropped compared to 2007, but remains higher than the 2006 level.

17. Conduct two public information efforts/partnerships.

Partnership with Customs and Border Protection

Goal: *In 2008, staff will partner with Customs and Border Protection to highlight the coordinated efforts of the two agencies on import safety. The efforts by the two agencies will be communicated through some of the following communications tools: a news conference, interviews with electronic and print media, or news releases.*

Met: In March, CPSC's Acting Chairman was joined by Customs and Border Protection (CBP) Assistant Commissioner Daniel Baldwin and California Director of Consumer Affairs Carrie Lopez

at the Port of Long Beach, California, to formally announce the creation of CPSC's new Import Surveillance Division. This highly successful press announcement was featured on the CBS Early Show the morning of the event, resulted in a national Associated Press wire story, and attracted local broadcast, print and radio coverage throughout California reaching about 15 million consumers. A press release was issued the day of the press event and a Podcast was recorded and posted online.

In September, CPSC's Acting Chairman traveled to Vietnam and China to discuss the importance of complying with the Consumer Product Safety Improvement Act and its impact on import safety in the United States. This trip, which involved consultation with CBP officials, included a press conference and numerous media interviews with media such as the Wall Street Journal, Reuters, and Vietnamese and Chinese news organizations. Various Agency officials met with Vietnamese government officials, AQSIQ, EU officials, testing laboratory officials, and toy industry officials, as part of CPSC's Memoranda of Understanding with Vietnam, China, and the EU. This vital trip was aimed at continuing the Agency's commitment to ensure that imported products meet the highest safety standards and that manufacturers understand that their products can be stopped and potentially destroyed at US ports if they are deemed to be non-compliant.

Improving Rapid Identification of Import Safety Issues

18. Develop metrics for quick identification of hazardous products through Customs' and CPSC's databases.

Integration of databases

Improved electronic data exchanges with Customs' databases will enhance our capabilities to identify, track, and stop hazardous products from entering the United States. A new system that can track historical changes of address and "names" for foreign companies will provide for more rapid identification of hazardous imported products. It can be difficult for staff to identify the original foreign manufacturer, particularly for countries with few, if any, product safety standards. This new system will integrate several third party sources of information, such as U.S. Customs and Border Protection, Dunn and Bradstreet, or other federal agencies. This increased capability will improve the compliance of manufacturers of imported products to CPSC standards through improved monitoring.

Goal: *The International Trade Data System (ITDS) integration process will expand access to the Customs' Automated Commercial Environment (ACE) and will improve case monitoring at the ports as well as remotely. In 2008, staff will complete the "As-Is" business phase within the ITDS integration process.*

Exceeded: In 2008, staff completed the "As-Is" business phase, documenting current business processes within the ITDS integration process and also submitted the "To Be" business

process, documenting the future business processes, ahead of schedule.

19. Improve tracking mechanisms used for case-management, complaint tracking, trend analysis, and report production.

Improve tracking mechanisms

To provide staff with the latest information on potentially hazardous imported products as well as domestic cases at the touch of a button, CPSC plans to automate and update compliance systems used for tracking and performance information. CPSC has two data systems that are used to track case information and identify non-compliant manufacturers. Currently, staff has been merging information from these sources manually to support field investigators and provide additional reporting to managers who manage Import Safety. Resources have been identified that will allow for a redesign of these systems in three years.

Goal: *In 2008, staff will complete analysis of our current database systems and develop the architecture to improve tracking mechanisms used for case-management, complaint tracking, trend analysis, and report production.*

Not Met: Staff worked with contractors and completed analysis of our current case management system and business architecture. Future work on the development of a redesigned case management system is deferred until work on two other systems, the International Trade Data System and Early Warning System, is complete to ensure consistency among all systems.

REDUCING PRODUCT HAZARDS: FIRE HAZARDS



STRATEGIC GOAL: Reduce the rate of death from fire-related causes by 20 percent from 1998 to 2013.

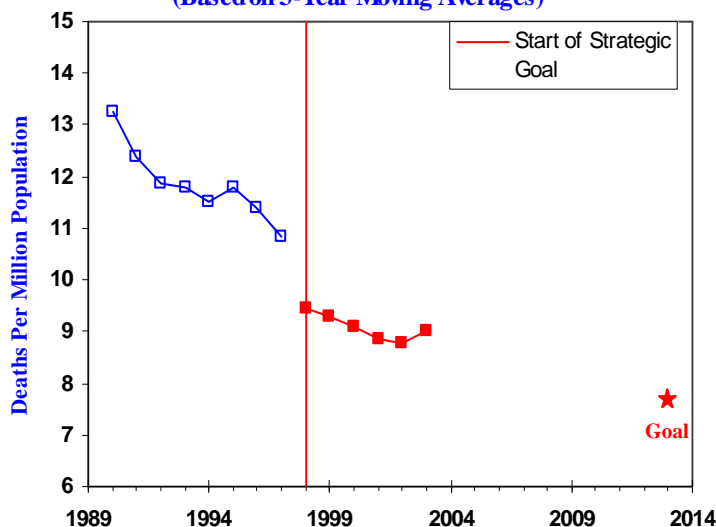
Total Resources for This Goal (dollars in thousands)					
Fiscal year	2004	2005	2006	2007	2008
FTEs	154	153	142	126	120
Amount	\$19,473	\$21,907	\$21,440	\$20,294	\$20,811

THE HAZARD

This nation's fire death rate remains high. From 2002 to 2004¹, an estimated annual average of 2,620 people died and 13,110 people were injured because of fires in residences. These fires resulted in property losses of about \$5.3 billion. The total cost to the nation from residential fires was \$19.4 billion. Children and seniors are particularly vulnerable. In 2004, over 600 children under the age of 15 died of fire-related causes, and over 350 of these deaths were to children under the age of 5 years. Children under age 5 have a fire death rate nearly twice the national average. Older adults also have significantly higher fire death rates in comparison to the rest of the population. In 2004, residential fires resulted in over 790 deaths to adults 65 years and older.

Products most often ignited in fatal fires are upholstered furniture, mattresses, and bedding. In recent years, these product categories were associated with about one-third of fire deaths. Cooking equipment is often involved as a source of ignition in fire deaths, accounting for about 8 percent of fire deaths in recent years.

Fire-Related Death Rate Associated with Consumer Products by Year (Based on 3-Year Moving Averages)



OUR PROGRESS

Under previous Strategic Plans (1997 and 2000), we set a target to reduce the rate of fire deaths due to consumer products by 10 percent from 1995 to 2005². From 1995 to 2004, the fire death rate declined by 14 percent, a reduction of 160 fire-related deaths (graph updated to include 2004). To further reduce the death rate, we retained this as a strategic goal in our current Strategic Plan, but with a new target of 20 percent reduction from 1998 to 2013. Past standard-setting and compliance activities contributed to the general decline in fires and fire deaths and show that the Agency is effective in reducing fire hazards. These activities include work on

¹ 2004 is the latest year for which complete death data were available as of February 2008, when the Performance Budget was finalized; these estimates are based on fires in residential structures that were attended by the fire service.

² Estimates generated for 1999 and later are not strictly comparable to estimates before 1999 because of major revisions to the World Health Organization's International Classification of Diseases coding system (ICD) and the U.S. Fire Administration's (USFA) National Fire Incident Report System (NFIRS).

cigarette ignition-resistant and open flame-resistant mattresses and upholstered furniture, heating and cooking equipment, electrical products, general wearing apparel, children's sleepwear, child-resistant lighters, fireworks, battery-operated children's vehicles, smoke alarms, and residential fire sprinklers.

ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
Safety Standards						
1. Prepare candidates for rulemaking	Goal	3	4	5	8	9
	Actual	3	1	4	5	7
2. Present recommendations to voluntary standards or code organizations	Goal	3	0	1	2	2
	Actual	2	0	0	0	3
3. Complete data analysis and technical review activities	Goal	10	14	12	11	8
	Actual	5	10	9	8	5
4. Support voluntary standards and code revisions	Goal	14	13	11	11	13
	Actual	14	13	11	12	13
Compliance						
5. Preliminary determination within 85 business days (unregulated products)	Goal	**	**	**	66%	70%
	Actual	63%	59%	44%	82%	73% ^p
6. Corrective action within 60 business days of preliminary determination (unregulated products)	Goal	**	**	**	80%	82%
	Actual	75%	75%	83%	81%	83% ^p
7. Corrective action within 35 business days of notice of violation (regulated products)	Goal	**	**	**	80%	82%
	Actual	75%	66%	60%	93%	95% ^p
8. Monitor existing voluntary standards	Goal	**	**	1	1	1
	Actual	0	0	1	1	1
Consumer Information						
9. Consumer outreach (in millions)*	Goal	**	**	**	125	200
	Actual	82	94	185	295	103
10. Issue press releases and recall alerts	Goal	60	60	113	107	110
	Actual	100	131	111	108	124
11. Conduct public information efforts/ partnerships	Goal	5	6	7	7	6
	Actual	5	5	5	8	6

* Actual results for this goal prior to 2007 are not strictly comparable to results for the 2007 and later due to an improved data capturing capability implemented in 2007.

** No goal established.

^p Preliminary data. Final data will be reported in the 2010 President's Budget.

Safety Standards

1. Prepare for Commission consideration nine candidates for rulemaking or other alternatives.

Upholstered Furniture



CPSC Testing

Ignitions of upholstered furniture account for more fire deaths than any consumer product under CPSC's jurisdiction. The staff is developing a possible rule to address the risk of fire associated with ignitions of upholstered furniture by smoldering cigarettes and by small open flame sources like lighters, matches, and candles.

In 2003, the Commission published an advance notice of proposed rulemaking (ANPR) expanding the Agency's rulemaking proceeding to cover both cigarette-ignited and small open flame-ignited fires. In 2005, the CPSC staff developed a revised draft standard addressing both ignition sources. In 2007, the staff conducted technical studies to support a draft proposed

rule, evaluated stakeholder comments and recommendations, and prepared additional regulatory options.

Goal: *In 2008, the staff will follow Commission direction on a possible proposed rule; continue to work with industry, government, and other stakeholders; and work with EPA on related issues.*

Met: The Commission published a notice of proposed rulemaking (NPR) on March 4, 2008 and received public comments. The staff began evaluating the comments and initiated technical studies to support a possible final rule. The staff also shared information about the NPR with industry groups and state, federal, and foreign government agencies, and worked cooperatively with the EPA staff on related issues.

(www.cpsc.gov/businfo/frnotices/fr08/furnflamm.pdf)

(www.cpsc.gov/library/foia/foia08/pubcom/flamm1.pdf)

Mattresses - Cigarette Ignition

In 2005, the Commission issued an ANPR, initiating a possible amendment or revocation of the existing cigarette ignition standard. In 2006, the staff analyzed comments on the ANPR and conducted an extensive review of historical compliance data. In 2007, the staff monitored the progress of the National Institute of Standards and Technology's (NIST) research and reviewed cigarette fire in-depth investigations.

Goal: *In 2008, the staff will continue to monitor NIST's research. We will follow Commission direction, possibly responding to public comments on proposed amendments or revocation of the mattress cigarette ignition standard. If appropriate, a briefing package with a draft proposed rule will be prepared for Commission consideration.*

Met: Staff continued to monitor NIST research, which was delayed for approximately nine months due to variability of standard test materials provided by mattress manufacturers. In addition, staff monitored progress of a CPSC staff project on Cigarette Ignition Risk, as performance of Reduced Ignition Propensity (RIP) cigarettes has the potential to change the smoldering hazard for mattresses.

Carpet and Rug Standards Amendments



The standards for the surface flammability of carpets and rugs were enacted under the Flammable Fabrics Act to reduce fires where carpets and rugs are the first items ignited. The regulations established minimum standards for the surface flammability of carpets and rugs. Cleaning methods are also prescribed in the standards for various carpet and rug types to help assure permanence of any flame retardant (FR) treatments.

The carpet and rug flammability standards were reviewed in 2005 under the Program for Systematic Review of Commission Regulations. The rule review identified inconsistencies with CPSC's internal compliance testing procedures, references to

obsolete standards, and requirements no longer needed based on CPSC staff experience with the rules.

Goal: *In 2008, staff will prepare an Advance Notice of Proposed Rulemaking (ANPR) briefing package, including a review of voluntary and mandatory international test methods for measuring carpet and rug flammability, for Commission consideration.*

Not Met – Deferred: In 2008, CPSC staff visited the Carpet and Rug Institute and learned about test methods for measuring carpet and rug flammability, and reviewed voluntary and mandatory international test methods.

Lighters Amendments (2 regulations)



In 2007, the staff built on the effort initiated in the rule review of the safety standard for cigarette lighters and the safety standard for multi-purpose lighters, documented the issues of concern to the staff, detailed potential options to address those concerns, and presented suggested amendments to the lighter standards.

Goal: *In 2008, the staff will draft revisions to the regulations to improve the clarity and specificity of the requirements, address changes in the lighter market that have occurred since the implementation of the standards, and streamline procedures to reduce the burden on industry and staff resources.*

Not Met - Deferred: Staff prepared a draft revision to the regulation for cigarette lighters, but not for multi-purpose lighters.

Cigarette Lighters, Mechanical Malfunction



In 2005, CPSC issued an ANPR to begin development of a new mandatory safety standard to address mechanical malfunctions of cigarette lighters. In 2006, the staff conducted a study of conformance with ASTM F400 and prepared a status briefing to the Commission providing an estimate of current industry conformance. In 2007, staff monitored voluntary standard activities.

Goal: *In 2008, the staff will monitor voluntary standard activities and follow Commission direction on this activity.*

Met: In 2008, staff monitored the activities of the ASTM Subcommittee on Lighters. The Subcommittee proposed changes for the purposes of clarifying requirements and having uniform wording for all lighter standards. In January 2008, staff provided information to assist the Commission in considering whether to formally rely upon the voluntary standard for cigarette lighters. The Commission did not agree on this approach.

Fireworks Amendments

In 2007, the staff reviewed and drafted responses to solicited comments concerning the risks of injury associated with noncomplying fireworks, the regulatory alternatives being considered, and other possible ways to address the risks of injury.

Goal: *In 2008, the regulatory options will be evaluated. The options that may be considered include: requiring mandatory*



certification to current FHSA fireworks regulations; rulemaking specifying certain additional requirements fireworks must meet; and relying on an existing voluntary standard. Staff will conduct further activities as directed by the Commission.

Not Met – Deferred: This project was deferred. Because fireworks are covered under the new general conformity certification requirements, they may not require additional rulemaking.

Clothing Textile Standard Amendments



The Standard for the Flammability of Clothing Textiles was enacted to reduce clothing-related thermal burn injuries and fatalities due to the use of highly flammable textiles in clothing. Several aspects of the existing standard require test procedure clarifications or are out of date due to changes in test equipment, consumer practice, environmental law, and textile product cleaning techniques. These discrepancies between actual clothing use conditions and variations in compliance testing undermine the efficiency of the standard.

An ANPR was published in late 2002. In 2003, the staff reviewed the ANPR comments and developed a plan to prepare a proposed standard. From 2004 through 2006, the staff prepared recommendations for amendments to the standard and a notice of proposed rulemaking (NPR) briefing package for Commission consideration. In 2007, staff sent a briefing package to the Commission with recommended amendments for Commission consideration; the Commission approved issuance of an NPR.

Goal: *In 2008, staff will complete a briefing package with a draft final rule for Commission consideration.*

Exceeded: On January 11, 2008, staff sent a briefing package with a draft final rule to the Commission for consideration. The Commission voted (2-0) to approve the final amendments to the standard.

(www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/textiles.pdf)

The final rule was published in the Federal Register in March 2008. (www.cpsc.gov/BUSINFO/frnotices/fr08/textflamm.pdf)

In addition, staff prepared a new laboratory test manual, which provides guidance to manufacturers and test laboratories in conducting required tests.

(<http://www.cpsc.gov/businfo/testapparel.pdf>)

Bedclothes - Flammability



In 2005, the Commission voted to publish an ANPR to develop a possible mandatory standard to address open-flame ignition of bedclothes. In 2006 and 2007, staff monitored the progress of the efforts of the California Bureau of Home Furnishings and Thermal Insulation (CBHF) to develop a test method for filled bedclothes items.

Goal: *In 2008, staff will continue to monitor the progress of CBHF. Staff will update estimates of deaths and injuries associated with mattresses and bedding and will consider how*

information derived from implementation of the new open flame mattress standard impacts bedclothes flammability.

Not Met – Deferred: CPSC staff monitored the progress of CBHF activities. CBHF released a report on its Precision & Bias study, and staff participated in a discussion meeting. In March 2008, CPSC staff prepared updated estimates of deaths and injuries associated with mattresses and bedding, *Mattress and Bedding Fire Casualty Prevention Estimates – Updates Using 2003-2004 NFIRS Data*. (www.cpsc.gov/LIBRARY/FOIA/FOIA08/os/mattfire.pdf)

Evaluation of the impact of the new open flame mattress standard on bedclothes was not completed. It is a multi-year program driven in large part by the rate of introduction of compliant mattresses into the marketplace.

2. Prepare and present recommendations to voluntary standards or code organizations to strengthen or develop two voluntary standards or codes, as appropriate.

Electrical Lighting



CPSC staff is investigating the causes of fire incidents involving lamps, light fixtures and light bulbs. In 2007, staff drafted a report of its evaluation of samples involved in fire/potential fire or shock/electrocution incidents and shared the report with interested parties for comment.

Goal: *In 2008, staff will review comments and finalize its report. Staff will also make recommendations for improvements to the voluntary standards, as appropriate.*

Met: Staff finalized its report on the evaluation of incident lighting samples, responding to comments received on the draft report. Staff shared the report with the Underwriters Laboratories (UL) Standards Technical Panel (STP) for lighting products. The report highlighted fire incidents involving a certain type of electrical connector (insulation-piercing type) used in ceiling surface-mount light fixtures. (www.cpsc.gov/LIBRARY/FOIA/FOIA08/os/lighting.pdf)

The UL STP proposed new requirements for UL 496, Standard for Lampholders. The new requirements include a temperature test for insulation-piercing lampholders, which cover candelabra lampholders, the type most commonly used in ceiling surface-mount light fixtures, and which would address incidents of the type observed by CPSC staff.

Fire Escape Masks

Fire escape masks are products marketed as safety devices to protect users against deadly toxic smoke while evacuating a fire, chemical or other emergency in the home and other locations. These products have the potential to reduce deaths and injuries by providing more escape time and protecting people from toxic gases during fires. Currently, there are no performance standards for these products. At the end of 2004, through an Interagency Agreement with CPSC, the U.S. Fire Administration (USFA) provided funding to conduct testing of escape masks. In 2005 and



2006, staff and contractor testing and human factors evaluation of fire escape mask samples were completed. In 2007, staff completed reports on the testing and evaluation, including recommendations for revisions to the standard that would improve usability for novice users.

Goal: *In 2008, staff will present recommendations for revisions to the voluntary standard.*

Not Met: Staff developed recommendations to the draft Standard for Air-Purifying Respiratory Protective Escape Devices. These recommendations were intended to be presented at a technical committee meeting of the Respiratory Protective Escape Devices (RPED) Group of the International Safety Equipment Association; however, there were no meetings of the RPED Group during fiscal year 2008. Staff did attend the meeting held on November 5, 2008, and presented their recommendations at that time.

Toys with Batteries

New*: In 2008, staff recommended that new requirements for ASTM F963 Standard Consumer Safety Specification for Toy Safety be developed to address overheating and fire risks associated with rechargeable batteries used in toys. (www.cpsc.gov/volstd/toys/astm02252008.pdf)

National Electrical Code

New*: In 2008, in a letter to code making authorities considering adoption of the 2008 National Electrical Code (NEC), staff urged authorities to adopt the 2008 NEC in its entirety. The 2008 NEC includes expanded requirements for Arc-Fault Circuit Interrupters, Ground – Fault Circuit Interrupters, and Tamper – resistant Receptacles. (www.cpsc.gov/volstd/nec/2008nec.pdf)

3. Complete eight data analysis, collection, and technical review activities.

Aluminum Wiring Repair Methods



Repairing Aluminum Wiring

In the 1960s and early 1970s, aluminum branch circuit wiring was used in residential construction. Connections with aluminum wiring are significantly more likely to overheat than connections made with copper wire. A new mechanical connector for use with aluminum wiring has been developed, and this connector shows considerable cost savings compared to the one currently recommended by CPSC. In 2007, preliminary testing of the connector showed that it performed adequately.

Goal: *In 2008, staff will initiate a new contract to conduct longer-term evaluations to support possible recommendations for safe, alternative repair of aluminum branch circuit wiring connections.*

Met: In 2008, additional testing of a new mechanical connector was completed. Staff contracted with a technical expert to draft a white paper on final recommendations for use of the new connector as an alternative repair method to the connector currently recommended by CPSC for aluminum wiring and to provide recommendations for modifying CPSC Publication #516.

* New work for which no goal was established.

High Energy Battery Packs



Portable electronic devices use higher energy density batteries, such as lithium-ion batteries. Batteries that experience an internal cell short may overheat and explode, posing a hazard to consumers. In addition, new technology battery chargers may have faster charge times with increased charging currents and temperatures that require monitoring of the battery charging status. In 2006, a contractor report on testing of high energy density lithium-ion batteries for mobile telephone use was drafted. In 2007, staff followed up this work by examining potential methods and/or safety features that could be incorporated to reduce the hazards. A draft report of the staff review was completed.

Goal: *In 2008, staff will seek review and comment on its draft report from interested parties.*

Not Met – Deferred: Due to higher priority work associated with Import Safety and the Electrical Working Group, work on this activity was postponed.

Cigarette Ignition Risk



Many states have adopted standards for Reduced Ignition Propensity (RIP) cigarettes to address potential fires caused by cigarettes that are left unattended. As more states enact such legislation, the hazard involving products under CPSC's jurisdiction may change. In 2007, staff reviewed research related to RIP cigarettes and developed plans for future research and testing to examine the effects that RIP cigarettes may have on interior furnishings.

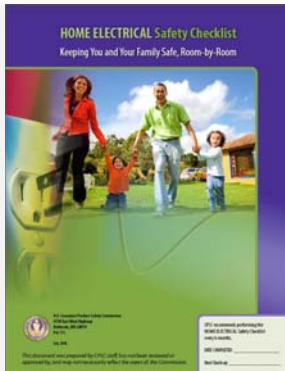
Goal: *In 2008, staff will monitor the contract for testing of cigarettes to the voluntary standard. The data from this testing will be evaluated and will be used to refine the staff's draft test plan for conducting testing to evaluate the performance of RIP cigarettes with respect to interior furnishings. Staff will begin its evaluation of the effects of RIP cigarettes on interior furnishings in 2008.*

Met: In 2008, staff monitored the contract for testing of cigarettes to the voluntary standard. Testing and statistical analyses of the burn characteristics of 13 brands of RIP and non-RIP cigarettes were completed. Findings from this study were used to inform statistical designs of experiments that were developed and implemented for testing the performance of selected RIP cigarette brands on furniture mock-ups. Staff began conducting bench scale tests involving interior furnishings.

Electrical Safety Checklist

In 2007, staff updated the *Home Electrical Safety Audit: Room-by-Room Checklist* to reflect more recent National Electrical Code changes and to make the document more user-friendly. A contract for updated graphics was awarded to be completed in 2008.

Goal: *In 2008, the updated Home Electrical Safety Audit: Room-by-Room Checklist will be completed for distribution.*



Met: An updated *Home Electrical Safety Checklist/Keeping You and Your Family Safe, Room-by-Room* was completed and released in July 2008.
(www.cpsc.gov/CPSCPUB/PUBS/513.pdf)

Fire Escape Planning



In 2006, a contract was awarded to evaluate various technologies and concepts, such as visual signals and unique audible sounds, to improve residential occupant escape in the event of fire. The evaluation included an assessment of the feasibility of incorporating technologies or concepts in residential homes. In 2007, the contractor completed its evaluation and staff received a report of the work.

Goal: In 2008, staff will complete an assessment of the contract work and will make recommendations for additional efforts, as appropriate.

Met: In 2008, staff completed its assessment of the contractor's research into a prototype device to automate safe egress of occupants from a hazardous environment. The development work demonstrated the feasibility of designing and building a guidance system using off-the-shelf components that may be suitable to assist occupants in escaping a structural fire. Staff developed draft recommendations for additional research in this area.

Range Extinguishing Systems



Cooking fires continue to be a major cause of residential fires and there are a variety of products marketed to consumers to prevent these fires, including range extinguishing systems. In 2006, staff conducted an evaluation of production and prototype range extinguishing systems in cooperation with the National Institute for Standards and Technology. In 2007, staff completed technical research on these systems.

Goal: In 2008, staff will receive test data on range extinguishing systems from NIST.

Not Met – Deferred: Staff did not receive test data from NIST on range extinguishing systems; it is now expected in 2009.

Smoke Alarms



Young children and seniors may have difficulty hearing certain smoke alarm signals. Little behavioral research exists on smoke alarm signaling and related smoke alarm designs issues. In 2007, staff conducted a review of research in behavioral analysis areas such as sensation, perception, and sleep. A draft report of this review was prepared and included descriptions of areas needing further study.

Goal: In 2008, the staff's report will be finalized, including recommendations for next steps.

Not Met – Deferred: Due to higher priority work associated with Import Safety and the Toy Working Group, work to finalize the Human Factors staff report was delayed.

Temperature Controls



A temperature regulating or limiting control component typically reacts to heating or cooling to turn a heating appliance off or on. Some CPSC staff tests have found safety and operating controls that either failed to open or did not open at the specified temperature. In 2007, staff conducted testing to measure performance characteristics, such as deviations in calibration that may affect electrical properties.

Goal: In 2008, staff will conduct additional testing to characterize performance that affects electrical properties. If sample testing reveals signs of degradation, in 2009, staff will initiate a contract to examine the metallurgical aspects of those samples.

Not Met: This project was discontinued as staff plans to re-evaluate and possibly redefine the scope of the test program at a future date in response to industry feedback on bi-metallic temperature control failure modes.

Electric Heaters

New*: Staff completed a technical report, *Flux Mapping of Radiant Electric Heaters: Repeatability Considerations*. This work supports a voluntary standard task group activity to develop proposals for quantitative test methods that could be used to replace or augment current test methods that have more variability.
(www.cpsc.gov/volstd/heater/fmrepeatjun08.pdf)

4. Support voluntary standards and codes.

Voluntary Standards

Staff participates in the voluntary standards process by providing expert advice, technical assistance, and information based on data analyses of how deaths, injuries and/or incidents occurred.

Goal: In 2008, staff will support the development or revision of voluntary standards for products such as arc fault circuit interrupters, batteries, candles, cabinet heaters/cylinders, electrical lighting, emergency escape masks, extension cords, heaters, lighters, National Electrical Code, range extinguishing systems, smoke alarms, and turkey fryers.

Met: Staff monitored or participated in the development or modification of 13 voluntary standards for the following products:

- Arc Fault Circuit Interrupters
- Batteries
- Candles
- Cabinet Heaters/Cylinders
- Heaters
- Lighters
- National Electrical Code
- Range Extinguishing Systems

* New work for which no goal was established.

- *Electrical Lighting*
- *Emergency Escape Masks*
- *Extension Cords*
- *Smoke Alarms*
- *Turkey Fryers*

Compliance

5. Preliminary determination within 85 business days on unregulated products.

Preliminary Determination Efficiency

Compliance Officers open investigations based on reports of a possible defect from a manufacturer, importer, retailer, or on their own initiative following up consumer complaints, newspaper accounts, or information from CPSC surveillance activity. Each investigation involves a thorough review of information from the company and other sources, with analysis by CPSC's technical experts. The investigation culminates in a staff "preliminary determination" that there is or is not a product defect.

Goal: *In 2008, a preliminary determination will be made within 85 business days on 70% of open investigations relating to unregulated products.*

Data Not Yet Available: Staff made preliminary determinations within 85 business days on 73% of the cases it developed. Results for this goal are based on preliminary data due to a reporting lag. Final results will be reported in the 2010 President's Budget.

6. Corrective action within 60 business days of preliminary determination on unregulated products.

Corrective Action Timeliness (Unregulated Products)

Each investigation involving a fire-related hazard will culminate in a preliminary determination that a product is or is not defective. If the product is determined to be defective, the Compliance Officer will begin negotiating with the responsible company to obtain a voluntary corrective action. For defects that pose a risk of serious injury, the Compliance Officer will seek a consumer-level recall, which usually involves a free repair, replacement of the product, or a refund of the purchase price. For less serious hazards, the corrective action may involve stopping sale of the product and correction of future production.

Goal: *In 2008, a corrective action plan will be negotiated and commenced within 60 business days on 82% of the cases after a firm has been notified of staff's preliminary determination.*

Data Not Yet Available: Staff negotiated a corrective action in 83% of cases involving fire hazards within 60 business days. Results for this goal are based on preliminary data due to a reporting lag. Final results will be reported in the 2010 President's Budget.

7. Corrective action within 35 business days of violation notice on regulated products.

Corrective Action Timeliness (Regulated Products)

Compliance staff regularly conducts surveillance activity to check compliance of products with CPSC mandatory standards.

Samples collected by investigators in the Field are sent to the CPSC Laboratory for analysis. Additional technical analysis is often conducted by CPSC technical experts. When it is determined that a product violates CPSC standards, a Compliance Officer sends a letter of advice (LOA) to the manufacturer, importer or retailer. For violations posing a serious risk of injury, the letter will seek a consumer-level recall (unless the sample was collected at a port of entry and no products have been distributed within the United States). For less serious violations, the letter may seek a lesser corrective action, such as stopping sale of the violative products and correction of future production.

Goal: *In 2008, a corrective action plan will be negotiated and obtained within 35 business days on 82% of the regulated products cases after the firm has been issued a LOA.*

Data Not Yet Available: For products violating a CPSC standard protecting against the risk of fire, staff successfully negotiated corrective actions in 95% of cases within 35 business days after a LOA was issued. Corrective actions include consumer level recalls and, for less serious violations, stopping sale of violative products and correcting future production. Results for this goal are based on preliminary data due to a reporting lag. Final results will be reported in the 2010 President's Budget.

8. Monitor existing voluntary standards.

Voluntary Standards Compliance

Goal: *In 2008, staff will monitor compliance with one existing voluntary standard likely to reduce fire-related deaths.*

Met: Staff monitored compliance with one voluntary standard likely to reduce fire-related injuries.

Consumer Information

Alert the public to fire-related hazards through:

9. Consumer Outreach.

Consumer Outreach (in millions)

In 2007, 295 million views of CPSC safety messages were received by consumers through TV appearances and Video News Releases (VNRs) related to fire safety campaigns and recalls as well as from downloading fire-related safety e-publications. This number was unusually high due to the unprecedented press coverage of computer battery fires and the subsequent recalls. Because of this, the target for 2007 and 2008 was set excluding the consumer reach for these recalls.

Goal: *In 2008, 200 million views of CPSC safety messages will be received by consumers through TV appearances and VNRs related to fire safety campaigns and recalls as well as from downloading fire-related safety e-publications from our Web site.*

Not Met: The Agency reached 103 million consumers with information related to fire hazards and fire safety tips via broadcast interviews, video news releases, and downloads of electronic publications. The Agency fell short of reaching its target goal due to fewer high-profile recalls that involved fire hazards (only one VNR involving a recall of microwaves), reduced television coverage of the mattress flammability standard, reduced coverage of Halloween dangers, and limited local news coverage of the Agency's smoke alarm messages. The Agency did secure outstanding coverage of a few fire hazard warnings, reaching 37 million viewers with our fireworks safety news conference, holiday decoration warning, and a network morning show story related to which smoke alarm is best for consumers to use.

10. Issue press releases and recall alerts.

Press Releases and Recalls

In 2007, CPSC issued 108 press releases and recall alerts on hazardous products.

Goal: *In 2008, staff will issue 110 press releases and recall alerts to inform the public about products presenting a risk of fire-related death.*

Exceeded: The Agency issued 124 press releases during the year involving recalled products, seasonal safety warnings, and product alerts related to fire hazards in and around the home.

11. Conduct six public information efforts, including at least one partnership with industry and/or a fire safety group.

Fireworks



Goal: *In 2008, CPSC will conduct a national safety campaign for the Fourth of July to increase public awareness of the dangers associated with legal and illegal fireworks. The campaign will be implemented through some or all of the following communication tools: a news conference, video news release, Podcast, and reissuance of fireworks safety poster to members of the Neighborhood Safety Network (NSN). Possible partnerships may include the Department of Justice and the Department of Homeland Security.*

Met: In June, the Agency issued a national press release and hosted a national fireworks safety press conference on the National Mall in Washington, D.C. The messages focused on increasing public awareness and educating consumers on the dangers associated with legal and illegal fireworks. The Agency also produced a fireworks safety video news release that was fed to television stations across the country reaching more than 31 million viewers. A Podcast was recorded and the Fireworks safety NSN poster was distributed in press materials. The Agency also announced fireworks-related recalls and its work with the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to investigate roadside stands, warehouses, and retail stores that sell professional grade explosives to consumers, and homes that serve as havens for the manufacture of dangerous fireworks devices. These investigations have resulted in successful

prosecutions by the Justice Department's Office of Consumer Litigation and U.S. Attorney offices across the country.

General Fire Hazards



Goal: In 2008, in support of new research compiled by the Office of Hazard Identification and Reduction, an education program will be conducted related to addressing the most significant fire scenarios that involve flammable liquids. The initiative will be carried out using communication tools such as a new publication, a public service announcement, Podcast message, new safety poster for members of the Neighborhood Safety Network (NSN), or a press release with new data.

Met: The Agency posted on its Web site a new safety alert publication on the dangers of flammable liquids and how consumers can avoid this hazard. The Agency also issued a press release on the new requirement for child resistant portable gasoline containers mandated in the Children's Gasoline Burn Prevention Act that provided safety tips for parents. In addition, a Podcast was recorded on child resistant portable gasoline containers.

Halloween



Goal: In 2008, CPSC will remind consumers of the flammability hazards associated with costumes and other Halloween hazards and highlight warnings about the risk of fire associated with homemade children's costumes, jack-o-lanterns, and other Halloween decorations. We will conduct activities such as issuing a news release; reissuing our Neighborhood Safety Network Halloween safety poster; recording a Podcast; or conducting TV, radio, and newspaper interviews.

Met: In October, the Agency informed parents and caregivers of hidden dangers associated with falls, fires, and burns related to costumes and decorations through a news release issued nationwide. Interviews with the media were conducted, including a television interview with Univision's Despierta America that reached nearly 500,000 viewers.

A Podcast with this injury prevention information was recorded and posted to the CPSC Web site and an email to the Neighborhood Safety Network was sent to encourage the members to pass on the message of safety.

Holiday Hazards



Goal: During the winter holiday season of 2008 CPSC will reissue an annual news release to warn consumers about the fire risk from defective decorative holiday light strings and from natural trees and provide tips on the safe use of candles and fireplaces. CPSC will also complete other activities to warn about holiday hazards such as conducting a press availability for local and national media, sending a safety message to Neighborhood Safety Network members, or recording a Podcast.

Met: The Agency urged families to keep safety in mind when stringing holiday lights, purchasing Christmas trees, and lighting candles during the holiday season. A news release was issued to the public and media nationwide warning about these dangers and a video news release was fed nationwide, which reached nearly 10 million viewers. The Agency conducted media

interviews, including a live segment on CBS's The Early Show, which reached an additional 2 million viewers. A Podcast was produced to further promote the holiday safety message and an email message was disseminated to members of the Neighborhood Safety Network.

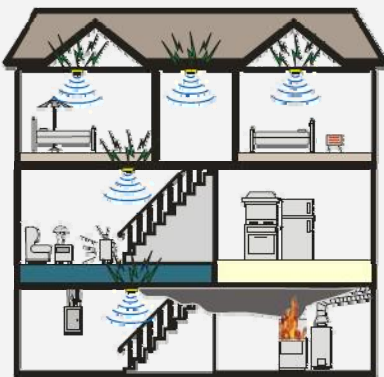
Home Heating



Goal: In 2008 at the beginning of the home heating season staff will warn consumers about fire hazards from home heating equipment especially space heaters, furnaces, and chimneys. The program will include activities such as hosting a news conference, issuing a news release, issuing a video promoting a new publication, recording a Podcast, or working with partners such as the US Fire Administration and the National Fire Protection Association.

Met: The Agency recorded and posted online a Podcast on home heating hazards, including chimneys and space heaters, explaining the importance of having fuel-burning appliances inspected yearly. Agency staff worked with partners, including the U.S. Fire Administration and the National Fire Protection Association, to develop a consistent, lifesaving message on fire prevention. Staff also released a newly updated *Home Electrical Safety Checklist*, which includes advice for consumers on the safe use of electrical home heating equipment.

Smoke Alarms



Goal: In 2008, in a continuing effort to remind consumers that smoke alarms save lives, we will conduct activities such as issuing a news release in the spring and the fall to emphasize that consumers need to have and maintain their smoke alarms and contacting national and local media to encourage them to remind consumers to check that their smoke alarms are in working order.

Met: CPSC featured the need for consumers to have working smoke alarms in two national news releases in November 2007 and March 2008. The latter news release was issued in conjunction with an audio Podcast that posted on the Agency's Web site. The news release also featured a tie-in to a new document titled *Why, Where, Which?* This comprehensive consumer guide highlights different alarm types, their proper placement, and other important fire safety advice.

Agency officials also worked closely with the designers and developers of FireSafety.gov, which was revamped and rolled out to the public in January. The Agency's March 2008 press release on smoke alarms was featured on the site, as were all recall announcements on products that pose a risk of fire. The site, a one-stop-shop for the media and fire safety community, is the result of a partnership between CPSC, the U.S. Fire Administration, and the Centers for Disease Control and Prevention.

REDUCING PRODUCT HAZARDS: CARBON MONOXIDE POISONING



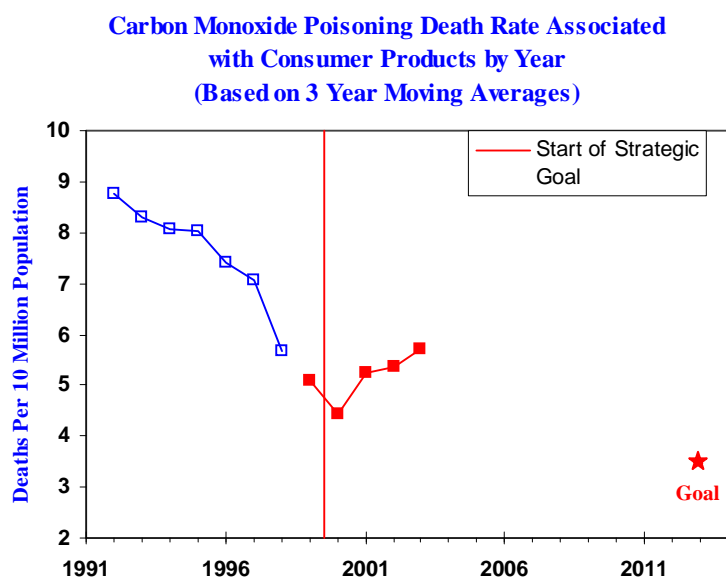
STRATEGIC GOAL: Reduce the rate of death from carbon monoxide poisonings by 20 percent from 1999-2000 average by 2013.

Total Resources for This Goal (dollars in thousands)					
Fiscal year	2004	2005	2006	2007	2008
FTEs	12	10	13	16	6
Amount	\$1,629	\$1,473	\$2,496	\$3,296	\$1,118

THE HAZARD

Carbon monoxide (CO) is a poisonous gas that has no smell, color or taste -- truly an invisible killer. Burning any fuel, such as gas, oil, wood, or coal produces this gas, so that any fuel-burning appliance is a potential CO source. At higher concentrations in the blood, CO can cause cognitive impairment, loss of consciousness, coma, and death.

From 2002-2004³, there was an estimated annual average of 166 unintentional non-fire CO poisoning deaths associated with consumer products, at a societal cost of approximately \$830 million each year. Because some symptoms of moderate CO poisoning may mimic common illnesses, such as influenza or colds, there may be a high incidence of missed initial diagnoses. Not only are victims frequently unaware of exposure to CO, but also health care providers may not suspect, or check for, CO poisoning. While some symptoms of CO poisoning are reversible, delayed neurological effects can develop following severe poisonings, especially those involving prolonged unconsciousness. Prompt medical attention is important to reduce the risk of permanent damage.



Most consumer product-related CO poisoning deaths are associated with the use of heating systems. Other consumer products associated with CO poisoning deaths include charcoal grills, gas water heaters, gas ranges and ovens, fuel-burning camping equipment, and engine-driven tools such as portable generators and power lawn mowers. Problems with chimneys, flues, or vents connected to fuel-burning products have also been mentioned in the fatal scenarios.

OUR PROGRESS

Under our previous Strategic Plans, we had a target to reduce the rate of CO poisoning deaths due to consumer products by 20 percent from 1994 to 2004. From 1994 to 2004, the death

³ 2004 is the latest year for which complete death data were available as of February 2008, when the Performance Budget was finalized.

rate was reduced by 34 percent. To further reduce the death rate, we retained this strategic goal in our Strategic Plan with a new target of 20 percent reduction by 2013 from the 1999-2000 average.

We have been successful in the past in reducing deaths through a number of interventions, including: working with industry to encourage the development of new products to protect consumers from CO poisonings; working with industry to develop a voluntary performance standard for CO alarms; and warning the public about CO poisoning through information campaigns.

Recently, as shown in the graph, there has been an increase in the number of CO-related deaths, in large part associated with the use of portable generators during natural disasters, such as hurricanes⁴. The share of CO poisonings associated with portable generators increased from 6 percent in 1999 to 25 percent in 2004. Effective in 2007, CPSC issued a mandatory rule for a new danger label for portable generators to warn consumers about CO and to encourage safe use. Activities in our plan, including supporting a portable generator rulemaking activity, public outreach activities, and monitoring voluntary standards, are designed to address this increase.

ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
Safety Standards						
1. Prepare candidates for rulemaking	Goal	**	**	**	1	1
	Actual	0	0	1	1	1
2. Complete testing, data collection, hazard analysis, or technical review activities	Goal	0	3	3	2	1
	Actual	0	1	2	1	1
3. Support voluntary standards revisions	Goal	3	3	3	3	3
	Actual	3	3	3	3	3
Compliance						
4. Monitor existing standards	Goal	1	**	1	1	1
	Actual	0	0	1	1	1
Consumer Information						
5. Consumer Outreach (in millions)*	Goal	**	**	**	20.0	25.0
	Actual	9.2	5.2	14.6	26.0	1.0
6. Issue press releases and recall alerts	Goal	5	5	8	7	11
	Actual	7	8	11	14	12
7. Conduct public information efforts/partnerships	Goal	3	2	3	4	4
	Actual	3	2	2	4	4

* Actual results for this goal prior to 2007 are not strictly comparable to results for the 2007 and later due to an improved data capturing capability implemented in 2007.

** No goal established.

Safety Standards

1. Prepare for Commission consideration one candidate for rulemaking or other alternatives.

Portable Generators (Technical and Other Issues)

In 2006, the Commission voted to publish an advance notice of proposed rulemaking (ANPR) to begin research to develop technology to lower the risk of CO poisonings associated with portable generators. Staff awarded a contract to develop a prototype generator engine with reduced CO in the exhaust and entered into an interagency agreement (IAG) with the National Institute of Standards and Technology (NIST) to model the

⁴ Estimates generated for years 1998 and prior are not strictly comparable to estimates for years after 1998. This may be due, at least partially, to different methods used to estimate the number of deaths in the two time periods. The new method used after 1998 includes three changes: a change in the International Classification of Diseases (ICD), a change in methodology within CPSC, and inclusion of a new category of products in the estimates.



buildup and concentration of CO in various styles of homes when the generator is located in various locations. NIST will also verify the efficacy of the prototype generator in reducing CO. In addition, staff conducted a proof-of-concept demonstration of a remote CO sensing automatic shutoff device for a portable generator, as well as an interlock concept in which a CO sensor was located on the generator.

In 2007, staff analyzed public comments on the ANPR, monitored work on the contract and IAG, drafted a report on the CO sensor interlock concept, and conducted additional generator testing in an environmental chamber.

Goal: *In 2008, staff will continue to investigate technical means to address the CO poisoning hazard associated with portable generator use, including: (1) continue to manage the IAG with NIST to (a) estimate the effectiveness of the prototype technology to reduce CO emissions when tested in an attached garage, and (b) model the infiltration of CO into various styles of homes when a generator is operated in an attached garage under a number of different conditions, and (2) continue to manage the contract for the development and demonstration of a low CO emission engine on a portable generator.*

Exceeded: In 2008, staff continued on-going work to investigate technical means to address the CO poisoning hazard associated with portable generators. Staff continued to manage the IAG with NIST to estimate the effectiveness of the prototype technology in an attached garage. NIST conducted a number of tests and discussed preliminary results with CPSC staff. The IAG was modified to include expanded testing of a generator before and after its modification to the prototype configuration under development at the University of Alabama (UA).

NIST also continued activities to model the infiltration of CO when a generator is operated in an attached garage.

Staff also continued to manage the contract with UA to develop and demonstrate a low CO emission engine. UA completed their development of the prototype generator and are preparing to begin the durability testing phase of the program.

Additionally, CPSC entered into an agreement with the Environmental Protection Agency's National Vehicle Fuel and Emissions Laboratory to conduct emissions testing of the prototype before and after durability testing.

2. Complete one testing, data collection, hazard analysis, or technical review activity.

Vented Gas Appliance CO Sensors

Gas-fired heating appliances continue to be a leading cause of unintentional CO poisoning deaths. Staff previously conducted testing that demonstrated the use of sensor technology to provide shutdown response to hazardous levels of CO within the flue passageways of a gas furnace. In 2006, CPSC awarded a contract to conduct longevity/durability tests of sensors within a gas furnace. That work was initiated in 2007.



Goal: In 2008, staff will receive the test data from the contractor and begin data analysis.

Met: In 2008, contractor testing to demonstrate longevity/durability of sensors within a gas furnace was completed. Test data were received from the contractor, and staff began analysis of the data.

3. Support three voluntary standards/codes revisions.

Voluntary Standards

Staff participates in the voluntary standards process by providing expert advice, technical assistance, and information based on data analyses of how deaths, injuries, and/or incidents occurred.

Goal: In 2008, staff will support the development or modification of voluntary standards for CO alarms, portable generators, and vented gas appliances (CO sensors).

Met: The staff monitored and/or participated in the development or modification of the 3 voluntary standards listed above.

Compliance

4. Monitor existing standards.

Existing standards compliance

Goal: In 2008, staff will monitor compliance with one existing standard likely to reduce CO poisoning-related deaths or injuries.

Met: Staff monitored compliance with one standard likely to reduce CO poisoning-related deaths or injuries.

Consumer Information

Alert the public to the hazards of CO poisoning deaths through:

5. Consumer outreach

Consumer Outreach (in millions)

In 2007, 26 million views of CPSC safety messages were received by consumers through TV appearances and VNRs related to CO safety campaigns and recalls, as well as from downloading CO safety related e-publications from our Web site.

Goal: In 2008, 25 million views of CPSC safety messages will be received by consumers through TV appearances and VNRs related to CO safety campaigns and recalls, as well as from downloading CO safety related e-publications from our Web site.

Not Met: The Agency reached 1.0 million consumers with information related to carbon monoxide hazards and CO safety tips via broadcast interviews, videos, and downloads of electronic

publications. The Agency fell short of reaching its target goal due to the lower number of major tropical storms and hurricanes to strike the U.S., thus decreasing the number of consumers using portable generators in emergencies. In addition, there were no new rulemaking activities, such as the approval of a new danger label, which was a source of significant media attention in 2007 where a press conference with the Acting Chairman reached 12.7 million viewers. Although the Agency did not secure significant television coverage of CO dangers, the Agency did notify the public of the hazards by issuing multiple news releases to the press, conducting radio and newspaper interviews, distributing public service announcements to radio stations in English and Spanish, providing information for others to post on their Web sites, and consistently contacting media outlets before and after major storms that impacted the Midwest, Florida, Texas, and Mississippi.

6. Press releases and recall alerts.

Press Releases/Recall Alerts

In 2007, staff issued 14 press releases and recall alerts related to CO hazards.

Goal: *In 2008, staff will issue 11 press releases or Web recall alerts for hazardous products presenting a risk of CO poisoning.*

Exceeded: The Agency issued 12 press releases during the year involving recalled products and seasonal safety warnings related to carbon monoxide hazards in and around the home.

7. Conduct four public information efforts and/or partnerships with a trade association or safety advocacy group.

CO Alarms



While a large percentage of consumers' homes are equipped with smoke alarms, it is estimated that far fewer have CO alarms in their homes.

Goal: *In 2008, CPSC will once again recommend that it is important to have a working CO alarm in one's house. CPSC plans to continue its CO alarm messaging with at least one daylight savings time message, in the form of a news release, safety alert, NSN message, or publication, recommending that consumers change the batteries in their smoke and CO alarms at least once every year.*

Exceeded: Along with issuing a national news release in November 2007, the need for consumers to have working CO alarms was prominently featured in communications designed to increase overall carbon monoxide awareness during moments of extreme weather and natural disasters. Information on alarms was provided in conjunction with generator safety and other pertinent safety information. There were five references to CO alarms in news releases during the year: Winter storms (Jan 2008), Midwest flooding (March 2008), Start of hurricane season (May 2008), Tropical Storm Fay (Aug 2008) and Hurricane Ike (Sept 2008). There were also two audio Podcasts recorded and posted on www.cpsc.gov featuring CO alarms.

Home Heating



Goal: In 2008, to remind the public of the continuing threat of CO in the home, we will highlight the need for routine maintenance of gas appliances. At the beginning of the home heating season, we will conduct one public information effort with activities such as partnering with other government agencies or a non-governmental organization. CPSC will use a number of communication tools, such as a news conference, a news release, a video news release, a Podcast message, or NSN message, to warn about CO hazards from furnaces, gas heaters, and generators.

Met: The Agency issued a press release on the importance of properly maintaining fuel-burning appliances to avoid CO hazards associated with their use. CPSC staff also recorded and posted a Podcast on www.cpsc.gov urging consumers to have their fireplaces, furnaces, and other heating equipment inspected by a professional to make sure they are working properly.

Natural Disaster Awareness



Goal: In 2008, in advance of hurricane season and major storms, CPSC will use tools such as news releases, videos, public service announcements or interviews to warn the media and public about the use of portable generators and other gas-fired appliances after a storm has caused a major loss of power in a given community.

Met: The Agency issued several press releases urging the safe use of portable generators and other gas-fired appliances, including a warning at the beginning of hurricane season in June, and before Hurricane Ike and Tropical Storm Fay. The Agency distributed a public service announcement (PSA) about hurricanes and generator safety in English and Spanish to radio stations in the Houston area following Hurricane Ike. The Agency was successful in getting the Hurricane Ike press release posted to the City of Houston's Web site. A Podcast was also recorded and posted on www.cpsc.gov at the beginning of hurricane season stressing the importance of preparing for the aftermath of a hurricane.

Portable Gas Generators



During times of power loss, homeowners may be exposed to potentially lethal levels of CO because of incorrect usage of portable gas generators to provide power to their homes.

Goal: In 2008, we will use tools such as news releases, videos, Podcasts, and publications to help reduce generator-related deaths and poisonings. CPSC will also work with the media, at certain times, to conduct interviews about generator safety in the aftermath of a death in a given community.

Met: The Agency issued several press releases on portable generator safety, including warnings for consumers who experienced power outages, such as after flooding occurred in the Midwest and during the winter when severe weather occurred. Agency staff also posted Podcasts on www.cpsc.gov on safe generator use.

REDUCING PRODUCT HAZARDS: CHILDREN'S AND OTHER HAZARDS

Total Resources for This Goal (dollars in thousands)					
Fiscal year	2004	2005	2006	2007	2008
FTEs	210	186	168	169	188
Amount	\$27,367	\$26,143	\$25,651	\$26,613	\$32,572

THE HAZARDS

Children's Hazards



Children's hazards are associated with a wide range of consumer products. Examples of children's hazards include drowning hazards related to pools and other in-home products; choking and suffocation hazards related to some children's toys; strangulation, suffocation and entrapment risks to infants in sleep environments; strangulations from window blind cords and clothing drawstrings; unintentional ingestion of toxic household chemicals; and various hazards with infant products such as old or improperly maintained cribs, high chairs, and strollers.

CPSC has had a significant impact in reducing injuries and deaths for a number of children's hazards. For example, staff worked with industry to develop a voluntary safety standard to prevent baby walker-related head injuries from falls down stairs and recalled numerous toys and other products that present choking hazards to children.

Chemical Hazards



CPSC seeks to reduce or prevent deaths or injuries due to ingestion, inhalation, or dermal exposure from hazardous substances in consumer products. Commission action has helped to protect children from exposure to lead in toys, crayons, children's jewelry, mini-blinds, and playground equipment. We have helped reduce children's exposure to hazardous chemicals in art materials and school laboratories. CPSC has worked to improve indoor air quality by reducing emission of pollutants from heating equipment, building materials, and home furnishings.

The Poison Prevention Packaging Act (PPPA) authorizes CPSC to issue requirements for child resistant packaging for such products as drugs and other hazardous household chemical substances. Since the PPPA became law in 1970, deaths to children under 5 years of age have declined substantially. While child poisoning deaths have been relatively low for a number of years, the Commission has seen evidence that, without continued surveillance, the death rate could increase.

For 2002 to 2004, unintentional⁵ ingestion of drugs and hazardous household products is associated with an annual average of 36 deaths to children under age 5. In 2005, an estimated 87,700 children were treated in hospital emergency rooms.

⁵ Unintentional ingestions are those not supervised or administered by an adult.

Household and Recreation Hazards



Household and recreation hazards are found throughout the nation's homes and affect many of our family activities. CPSC's work in this area covers products such as lawn and garden equipment, power tools, and recreational equipment (ATVs). Our past activities made significant contributions to household and recreation safety. For example, we improved lawn mower safety by establishing a standard addressing blade contact. We estimate that the lawn mower standard saves about \$1 billion in societal costs annually. The Agency also has been a leader in urging consumers to use safety gear when participating in recreational activities, such as bicycling, ATV-riding, and skateboarding.

Electrocution and Shock Hazards



In 2003⁶, there were about 160 deaths from consumer product-related electrocutions. In 2006, an estimated 9,800 consumer product-related electric shock injuries were treated in U.S. hospital emergency rooms. Total societal costs in the U.S. associated with electrocutions and electric shock are about \$1.6 billion. The annual estimate of electrocutions has declined by 75 percent from 1975 to 2003. CPSC's work on ground fault circuit interrupters, hair dryers, power tools, house wiring, and garden equipment has contributed significantly to this decline.

ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
Safety Standards						
1. Prepare candidates for rulemaking	Goal	3	3	3	5	4
	Actual	1	0	1	4	2
2. Present recommendations to voluntary standards or code organizations	Goal	2	1	**	1	2
	Actual	1	1	0	0	4
3. Complete data analysis and technical review activities	Goal	21	21	21	22	17
	Actual	17	21	15	17	15
4. Support voluntary standards and code revisions	Goal	50	51	52	49	56
	Actual	54	54	49	51	58
Compliance						
5. Corrective action within 60 business days of preliminary determination (unregulated products)	Goal	**	**	**	80%	82%
	Actual	69%	80%	92%	90%	90% ^p
6. Corrective action within 35 business days of notice of violation (regulated products)	Goal	**	**	**	85%	88%
	Actual	86%	95%	91%	92%	96% ^p
7. Monitor existing voluntary standards	Goal	2	2	2	1	1
	Actual	2	2	2	1	1
Consumer Information						
8. Consumer outreach (in millions)*	Goal	**	**	**	125	450
	Actual	101	87	283.6	978	334
9. Issue press releases and recall alerts	Goal	143	142	246	233	228
	Actual	156	268	257	299	362
10. Conduct public information efforts/ partnerships	Goal	13	10	8	7	9
	Actual	10	7	9	9	9

* Actual results for this goal prior to 2007 are not strictly comparable to results for the 2007 and later due to an improved data capturing capability implemented in 2007.

** No goal established.

^p Preliminary data. Final data will be reported in the 2010 President's Budget.

⁶2003 is the latest year for which complete fatality data were available as of February 2008, when the President's Budget was finalized.

Safety Standards

1. Prepare for Commission consideration four candidates for rulemaking or other alternatives for:

All Terrain Vehicles (ATVs)



In recent years, there has been a dramatic increase in both the numbers of ATVs in use and the numbers of ATV-related deaths and injuries. According to the staff's latest ATV annual report, the Commission has reports of more than 7,000 ATV-related deaths since 1982. The Commission is considering what actions, both regulatory and non-regulatory, it could take to reduce ATV-related deaths and injuries.

In 2005 and 2006, staff conducted a comprehensive review of regulatory and non-regulatory options to address ATV hazards. In July 2006, the Commission voted to issue a Notice of Proposed Rulemaking (NPR) and directed the staff to carry out specific research activities, including testing of youth ATVs, conducting a review of in-depth investigation data, and gathering information regarding the appropriate size and speed of youth ATVs. The NPR was published in August 2006. During 2007, staff reviewed the comments submitted in response to the NPR and began the research activities directed by the Commission.

Goal: *In 2008, staff will 1) continue the research activities directed by the Commission, 2) provide a status report about these activities, and 3) continue rulemaking or other activities, as directed by the Commission.*

Met: In 2008, CPSC staff continued work on the research activities that were directed by the Commission in its August 10, 2006, Notice of Proposed Rulemaking (NPR). Included among these activities were: testing youth ATVs at the U.S. Army Automotive Test Center in Aberdeen, Maryland; conducting a pilot study evaluating youth ATV fatalities; and releasing two Requests for Information to assess the availability of expertise related to mechanical and biomechanical modeling of youth ATV drivers. In February 2008, staff sent a status report about these activities to the Commission.

(www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/ATVProjectStatusReport.pdf)

CPSC staff continued other ATV-related activities including review of the comments submitted in response to the August 10, 2006, NPR; implementation of a Rapid Response program in localities where ATV incidents occurred; product safety recalls of specific model ATVs; development of an "autonomous" ATV to perform testing that may be too dangerous to perform with a test operator; and monitoring the activities of the ANSI/SVIA voluntary standard group. Also in 2008, staff began work to implement the requirements of the Consumer Product Safety Improvement Act as they relate to ATVs.

Electric Toys

In 2004, CPSC staff conducted a preliminary review of the Electric Toy regulation to determine whether any changes/updates were needed. Several potential changes were



identified. In 2005, staff began preliminary work to follow through on the recommendations made during that review. In 2005, staff completed draft recommendations for updates to the rule associated with outdated references to standards and improvements to certain warning labels. In 2006, staff conducted a technical assessment of related standards and reviewed recommendations from interested parties to simplify the provisions for maximum allowable surface temperatures for electric toys. Staff completed draft recommendations to change the requirements in 2007.

Goal: *In 2008, staff will prepare recommendations to update the Electric Toy regulation for Commission consideration.*

Not Met – Deferred: In 2008, Underwriters Laboratories proposed a number of changes to its voluntary safety standard, UL 696 Standard for Electric Toys. These proposals address many of staff's concerns regarding hazards associated with electric toys, including accessibility of hot surfaces that was the focus of a recall of toy ovens. Staff plans to take the results of balloting of the proposed new requirements into consideration before completing its recommendations for changes to the CPSC Electric Toy regulation.

Infant Cushions



In 2006, the Commission voted to initiate rulemaking that could result in an amendment to the current ban on infant cushions and pillows.

Goal: *In 2008, staff will prepare a briefing package for Commission consideration including possible regulatory options for infant pillows/cushions.*

Met: In 2008, staff prepared a briefing package on infant cushions for Commission consideration.
(www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/infant.pdf)

The Commission voted (2-0) to publish a notice to terminate the existing rulemaking on infant pillows and to publish a notice of proposed rulemaking (NPR) to exempt certain nursing pillows from classification as a banned hazardous substance.
(www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/boston.pdf)

Lead in Children's Jewelry



In 2007, the Commission issued an advance notice of proposed rulemaking (ANPR) to initiate a rulemaking proceeding to ban children's metal jewelry containing more than 0.06 percent lead by weight in metal components.

Goal: *In 2008, staff will review public comments on the ANPR for development of a briefing package with regulatory options for Commission consideration.*

Not Met: In 2008, staff reviewed public comments on the ANPR for development of a briefing package for the Commission. This activity was superseded by Congressional passage of the Consumer Product Safety Improvement Act, which included requirements for lead in children's metal jewelry.

2. Prepare and present two recommendations to voluntary standards or code organizations to strengthen or develop voluntary standards or codes, as appropriate, for:

Air Cleaners

In 2007, staff released a contractor's report on ozone-generating devices. The report included a recommendation for a maximum ozone level in indoor air and a discussion of residential ozone exposures. In addition, Underwriters Laboratories (UL) is reviewing its *Standard for Electrostatic Air Cleaners*, and the State of California is developing a standard for ozone generators.

Goal: *In 2008, staff will respond to public comments on the contractor's report. The staff will also draft recommendations for the voluntary standard, as appropriate.*

Not Met – Deferred: In 2008, staff completed an assessment of the contractor report, responding to public comments. Draft recommendations to the voluntary standard were delayed due to higher priority work associated with implementation of the Consumer Product Safety Improvement Act.

Hot Tubs and Spas (Hyperthermia)



Hyperthermia, a condition of increased core body temperature, can cause birth defects (neural tube defects) in humans and animals. Hyperthermia may be caused by fever or by external heat, such as through the use of spas or hot tubs. Current voluntary standards for hot tub and spa controls allow temperatures in a range that could result in adverse health effects, particularly for pregnant women. In 2007, a contractor report and staff assessment addressing public comments was completed.

Goal: *In 2008, staff plans to prepare recommendations for changes to the voluntary standard, as appropriate.*

Met: The contractor report and staff assessment were posted on the CPSC Web site. The staff assessment included recommendations for changes to the voluntary standard, including proposed requirements for better assurance that water temperatures will be the same as user-selected water temperatures and requirements for incorporating an accurate thermometer in spas.

(www.cpsc.gov/volstd/hottubspa/HTSpaHyp.pdf)

Full-Size Baby Cribs



New*: In 2008, staff presented recommendations for revisions to ASTM F1169 Standard Specification for Full-size Baby Cribs to address hazards posed by cribs that can be incorrectly assembled backwards or upside-down. Some crib designs give the appearance of proper assembly with the drop-side inverted. In this configuration, the drop-side can detach from the crib, possibly creating a dangerous gap that may lead to the entrapment and suffocation of infants. (www.cpsc.gov/volstd/crib/drop-side.pdf)

Inflatable Air Mattresses

New*: In 2008, staff recommended that ASTM International coordinate the development of a new ASTM consumer product safety standard to address infant suffocation associated with

* New work for which no goal was established.



inflatable air mattresses. A review of incidents in CPSC databases indicated that inflatable air mattresses may not be firm enough to allow a sleeping infant to maintain an open airway and that inflatable air mattress edges might form gaps more easily than other types of mattresses when placed close to walls or furniture. Staff recommended potential strategies to address the hazard, such as on-product warnings and graphics, safety instructions, and packaging warnings.

(www.cpsc.gov/volstd/airmattresses/astm0208.pdf)

Toys with Magnets



New*: In 2008, staff recommended that ASTM F963 Standard Consumer Safety Specification for Toy Safety requirements related to magnets be revised to address hazards associated with the deterioration of components due to aging materials or extended use, which may allow liberation of a magnet of a swallowable size. Staff recommended that all toys containing hazardous magnets have labeling to warn of the potential for serious bowel injuries when magnets are swallowed.

(www.cpsc.gov/volstd/toys/astm06242008.pdf)

3. Complete 17 testing, data collection, hazard analysis, or technical review activities to evaluate the need for, or adequacy of, safety standards.

ATV Data Update



Goal: In 2008, staff will prepare the annual ATV death and injury data update report, which began in 1982. The report also includes data on deaths by state, risk of death by year, and injuries distributed by year and age grouping.

Met: Staff completed the 2007 Annual Report of ATV-Related Deaths and Injuries, including data on deaths by state, risk of death by year, and injuries distributed by year and age grouping. (www.cpsc.gov/library/atv2007.pdf)

Additionally, throughout the year, staff provided updated fatality frequencies for the ATVSafety.gov Web site.

Bicycle Integrity and Illumination



The Federal Bicycle Regulation was last amended by CPSC in 1981. Since then, the evolution of bicycle technology has led to changes that are not currently covered by this standard. Voluntary standards coverage of new technology developments is limited. Bicycle injury rates remain high. While the majority of bicycle-related deaths occur during daylight hours, CPSC staff determined that a bicyclist is 2 to 4 times more likely to be killed riding at night as compared to daytime. In 2007, staff met with Federal Highway Administration (FHWA) staff and developed a test method to evaluate bicycle light-emitting diode (LED) rear flashers.

Goal: In 2008, staff will receive test data from FHWA. The data will be used by staff to conduct a comparative evaluation of the LED rear flashers tested.

Met: CPSC staff received test data from FHWA for several samples of LED rear flashers. The data were categorized and

* New work for which no goal was established.

compared with respect to flash frequency, number of LEDs used in the flasher, and brightness.

Chronic Hazard Guidelines



CPSC's chronic hazard guidelines, issued in 1992, assist manufacturers in complying with the requirements of the Federal Hazardous Substances Act (FHSA). The staff has begun the process of reviewing and updating this guidance to reflect advances in basic science and risk assessment methods. This work is closely related to national and international harmonization, such as the Globally Harmonized System (GHS).

Goal: *In 2008, staff will revise two guidance documents, Benchmark Dose and Probabilistic Risk Assessment, as supplements to the 1992 chronic hazard guidelines.*

Met: In 2008, staff completed updates of the two guidance documents, *Benchmark Dose* and *Probabilistic Risk Assessment*. The guidance documents were reviewed by a panel of scientific experts, and revisions addressing their comments were completed.

Consumer Opinion Forum



This CPSC Web site provides a venue to solicit information from consumers who volunteer to respond to staff questions about specific behaviors. Such information can be useful for framing questions for scientific surveys, for providing information for future studies, or for providing anecdotal behavioral data regarding foreseeable use of products.

Goal: *In 2008, staff will provide continued support of the Consumer Opinion Forum by conducting activities such as developing sets of questions, submitting questions for clearance, posting questions as they are cleared for public dissemination, or retrieving and analyzing the results of each posting.*

Met: In 2008, staff continued to provide support for the Consumer Opinion Forum. Staff prepared a survey questionnaire related to consumer understanding and use of GFCI receptacles, which was submitted to and cleared by OMB and posted for public dissemination. When the survey period closed on October 31, 2008, the Agency had received 343 responses from consumers.

Electrocution Data Update



Goal: *In 2008, staff will prepare updated national estimates of the number of consumer-product related electrocutions.*

Met: In 2008, staff prepared a draft annual update on consumer product-related electrocutions, *2005 Electrocutions Associated with Consumer Products*.

Globally Harmonized System (GHS) for Labeling

In 2007, staff compared selected portions of the Federal Hazardous Substances Act (FHSA) regulatory requirements to the Globally Harmonized System (GHS) for classification and labeling. This comparison identified some of the technical differences between the FHSA and GHS. A preliminary legal feasibility assessment was also conducted to assess what, if any, changes would be needed to the FHSA should certain provisions



of the GHS be adopted and implemented. The staff work indicated that a more complete technical comparison is needed.

Goal: In 2008, staff will initiate a contract to complete a side-by-side comparison of the FHSA and the GHS. This work will be completed in 2009.

Met: In 2008, staff issued a contract to complete a side-by-side comparison of the FHSA and the GHS.

Interagency Coordination



The purpose of this activity is to coordinate chemical hazard activities with other agencies, participate in international harmonization activities, and improve the scientific basis of agency risk assessments. In addition, the Commission is obligated by the Interagency Coordinating Committee on the Validation of Alternative Methods (ICCVAM) Authorization Act to respond to each test method validated by ICCVAM.

Goal: In 2008, staff will review a request from HHS/ICCVAM for a validated test method for ocular toxicity that is an alternative to animal testing. Staff will complete a briefing package for Commission consideration, along with staff's recommendation regarding acceptance of the test method.

Exceeded: In 2008, staff completed two briefing packages, which presented assessments of alternatives to animal testing, for Commission consideration – one for ocular toxicity (www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/ocular.pdf) and one for in vitro basal cytotoxicity test methods (www.cpsc.gov/LIBRARY/FOIA/FOIA08/brief/invit11.pdf).

The Commission voted (2-0) to accept the ICCVAM recommendations for both alternative test methods.

Nanotechnology



Nanomaterials represent a wide range of compounds that may vary significantly in their structure, physical and chemical properties, and potentially in their behavior in the environment and in the human body. Staff continues to participate in several interagency workgroups and initiatives related to nanomaterials, especially those in consumer products. In 2007, we initiated a contract to review the structure and existing exposure and toxicity of fire retardant (FR) nanomaterials.

Goal: In 2008, the contractor report will be submitted for staff review. Also, in 2008, staff expects to enter into a memorandum of understanding with the National Institute for Science and Technology (NIST) for preliminary analysis of FR nanomaterials.

Exceeded: In 2008, the contractor report on Flame Retardant Nanomaterials was received for staff review. Staff plans to post the report for public review and comment. Staff entered into a memorandum of understanding with NIST for preliminary analysis of FR nanomaterials.

In addition, staff established an Interagency Agreement with the National Institute for Occupational Safety and Health to conduct research on certain nanomaterials of mutual interest.

Nursery Equipment



Goal: In 2008, staff will prepare its annual report on nursery product-related injuries and deaths to children under the age of 5.

Not Met – Deferred: In 2008, staff prepared a preliminary draft of its annual report, *Nursery Product-Related Injuries and Deaths Among Children under Age Five*.

Pool and Spa Safety

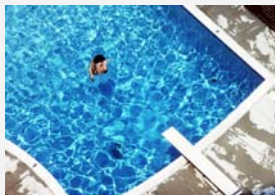


The Virginia Graeme Baker Pool and Spa Safety Act was enacted in December 2007.

Goal: In 2008, staff will develop a draft plan for a State Swimming Pool Safety Grant Program, as required in the Pool and Spa Safety Act. Subject to the availability of appropriations, the plan will be finalized and implemented in 2009 and 2010.

Met: In 2008, staff developed a draft plan for a State Swimming Pool Safety Grant Program. The draft plan was posted on the CPSC Web site for public comment. The public comment period closed October 14, 2008. (www.cpsc.gov/pssa1406.html)

Pool Submersion Annual Update



Goal: In 2008, staff will update its annual report on pool submersion incidents involving children age 5 and under.

Met: CPSC staff expanded this year's annual report on pool submersions to include submersion incidents in spas. The report, *Pool and Spa Submersion: Estimated Injuries and Reported Fatalities, 2008 Report*, was made publicly available on the CPSC Web site in May 2008. (www.cpsc.gov/LIBRARY/poolsub2008.pdf)

Pool Safety Handbook



In 2006, staff began a project to combine and update the *Safety Barrier Guidelines for Home Pools* and *Guidelines for Entrapment Hazards: Making Pools and Spas Safer*. Staff intended the publication to become a single reference guide on pool safety issues.

Goal: In 2008, staff will complete draft revisions to the handbook and invite comment from the pool and spa safety community.

Not Met: This project was discontinued after the President signed into law the Virginia Graeme Baker Pool and Spa Safety Act (Act) on December 19, 2007 so that staff could focus on implementing the requirements of the Act, which go into effect one year after passage.

Poison Prevention

Goal: In 2008, staff will collect and monitor data associated with ingestions of hazardous household substances and assess them for the need for child-resistant packaging. The staff will continue to work with other government agencies and participate in public information activities in the poison prevention area. Staff will prepare an annual update of poisoning deaths.

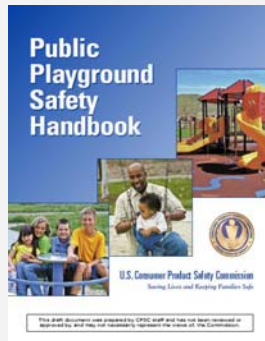
Met: In March 2008, staff completed its annual update of pediatric poisoning deaths, *Pediatric Poisoning Fatalities from 1972*



through 2005. Child fatalities have declined substantially since the Poison Prevention Packaging Act became law, from 216 in 1972 to an average of about 33 each year from January 1, 2003, through December 31, 2005.

(www.cpsc.gov/LIBRARY/pppa2005.pdf)

Public Playground Safety Handbook



In 2007, staff completed draft revisions to the Handbook for Public Playground Safety and invited comment from the ASTM playground subcommittee members.

Goal: In 2008, staff will review comments from the ASTM playground subcommittee members and complete revisions to update the handbook.

Met: In April 2008, staff released a new version of the *Public Playground Safety Handbook*. The handbook describes the process for users for designing and choosing equipment and layout for a new playground or a renovated playground. The handbook is also now in color with pictures of equipment and testing tools.

(www.cpsc.gov/CPSCPUB/PUBS/325.pdf)

Sensitizers



Previous staff work identified the need to update the supplemental definition of "strong sensitizer" due to recent scientific advances. In 2006, the staff developed a recommendation regarding CPSC's supplemental definition to address scientific advances and new risk assessment methods currently under development by federal agencies. In 2007, the staff's recommendation and analysis was peer-reviewed by scientists from other federal agencies.

Goal: In 2008, external peer review of the staff's report on "strong sensitizers" will be completed. Staff will respond to the peer reviewers' comments and make appropriate revisions. Staff will prepare a report for Commission consideration, including recommendations to implement changes in the supplemental definition of "strong sensitizer."

Not Met – Deferred: In 2008, an external peer review of the staff's report on strong sensitizers was completed. Staff revised its report based upon the peer review comments and drafted a report, including recommendations to implement changes in the supplemental definition of "strong sensitizer."

Table Saws



Although staff has worked with industry to improve the protection from blade contact with table saws, there remains the concern that blade guards are inadequate and/or of poor design and can place the consumer at risk for severe injury. In 2007, some new blade guard designs became available for consumers. Staff developed a plan to evaluate these new designs to see if they are adequate to reduce blade contact injuries.

Goal: *In 2008, staff will conduct testing to evaluate new blade guard designs. Analysis of the data will be completed in 2009.*

Met: In 2008, staff conducted testing to evaluate new blade guard designs. In 2009, staff will complete its analysis of the test data.

Toys Annual Update

Each year, staff prepares an annual report of toy-related deaths and injuries. Forty-six percent of the estimated emergency department treated injuries in 2006 were associated with toy types that cannot be placed under already established toy product codes and are categorized as "Toys, Not Elsewhere Classified." In 2008, staff will begin activities to conduct a NEISS-based study to identify the toys included in this category. This special study will also facilitate characterization of hazard patterns associated with injuries.

Goal: *In 2008, staff will prepare its annual update on toy-related deaths and injuries. We will also design the survey instrument and protocol to conduct a special study to identify toys associated with emergency department treated injuries that are currently categorized as "Toys, Not Elsewhere Classified."*

Met: Staff prepared the annual update of *Toy Related Deaths and Injuries, Calendar Year 2006*.
(www.cpsc.gov/library/toymemo06.pdf)

As part of the protocol for a special study to identify the reasons for an observed increase in incidents associated with the product code "Toys, Not Elsewhere Classified" over the past few years, a multidisciplinary team of CPSC staff evaluated samples of reported 2006 and 2007 incidents associated with the product code. This assessment suggests that about 30 percent of the incidents could have been more appropriately associated with the reactivation of some archived toy codes, and another 50 percent of the incidents lack product specificity in the case narratives. Efforts are currently underway to evaluate and, when possible, classify the 2,683 incidents from 2007 that are associated with "Toys, Not Elsewhere Classified." In 2009, staff will begin data collection for a future NEISS special study to gather more detailed information on the toys involved in incidents that are correctly associated with "Toys, Not Elsewhere Classified."

Accreditation of Laboratories (Lead Paint Ban)

New*: In response to requirements in the Consumer Product Safety Improvement Act, staff prepared a briefing package that laid out a program for testing laboratories throughout the world to be accepted by the Commission as accredited to test to the requirements of CPSC's lead paint ban. This program was accepted by the Commission.

4. Support the development/revision of voluntary standards and codes.

Voluntary Standards

Staff participates in the voluntary standards process by providing expert advice, technical assistance, and information based on data analyses of how deaths, injuries, and/or incidents occurred.

* New work for which no goal was established.

Goal: In 2008, staff will support the development or revision of 56 voluntary standards for products related to products such as air cleaners, all-terrain vehicles, amusement rides, portable bassinets and cradles, bath seats, bed rails, bunk beds, toddler beds, bicycles, blind cords, booster seats, child resistant packaging, commercial cribs, full-size cribs, non-full-size cribs and play yards, fuel tanks, furniture, garage doors/gate openers, gasoline containers, Ground-Fault Circuit Interrupters, helmets (recreational), highchairs, hot tubs and spas, infant bedding and accessories, infant bouncers, infant carriers (frame, hand-held, and soft), infant gates, infant swings, infant tubs, infant walkers, inflatables (constant air), ladders, lead in children's vinyl products, mowers, playground equipment (home, children less than 2 yrs, public, surfacing, portable fans, pressure cookers, ranges, scooters (motorized), soccer goals, stationary activity centers, strollers, swimming pools/spas (alarms, pools and spas, portable pools, suction vacuum release systems (SVRS)), table saws, toys, treestands (hunting), window guards, and youth chairs.

Exceeded: The staff supported the development or revision of 58 voluntary standards. The products are:

- Air Cleaners
- Air Mattresses (new)
- All-Terrain Vehicles
- Amusement Rides, Portable
- Bassinets and Cradles
- Bath Seats
- Bed Rails
- Beds
 - Bunk
 - Toddler
- Bicycles
- Blind Cords
- Booster Seats
- Child Resistant Packaging
- Cribs
 - Commercial
 - Full-Size
 - Non-Full-Size and Play Yards
- Fuel Tanks
- Furniture
- Garage Doors/Gate Openers
- Gasoline Containers
- Ground-Fault Circuit Interrupters
- Helmets, Recreational
- Highchairs
- Hot Tubs and Spas
- Infant Bedding and Accessories
- Infant Bouncers
- Infant Carriers
 - Frame
- Infant Gates
- Infant Swings
- Infant Tub
- Infant Walkers
- Inflatables, Constant Air
- Ladders
- Lead in Children's Vinyl Products
- Mowers
- Playground Equipment
 - Home
 - Children less than 2 yrs
 - Public
 - Surfacing
- Portable Fans
- Pressure Cookers
- Ranges
- Scooters, Motorized
- Soccer Goals
- Stationary Activity Centers
- Strollers
- Swimming Pools/Spas
 - Alarms
 - Pools and Spas
 - Portable Pools
 - Suction Vacuum Release Systems (SVRS)
- Synthetic Turf Products (new)
- Table Saws
- Toys
- Treestands, Hunting
- Window Guards
- Youth Chairs

- Hand-held
- Soft

Compliance

5. Corrective Action Timeliness (Unregulated Products)



Each investigation involving a hazard will culminate in a preliminary determination that a product is or is not defective. If the product is determined to be defective, the Compliance Officer will begin negotiating with the responsible company to obtain a voluntary corrective action. For defects that pose a risk of serious injury, the Compliance Officer will seek a consumer-level recall, which usually involves a free repair or replacement of the product or a refund of the purchase price. For less serious hazards, the corrective action may involve stopping sale of the product and correction of future production.

Goal: *In 2008, a corrective action plan will be negotiated and commenced within 60 business days on 82% of the cases after a firm has been notified of staff's preliminary determination.*

Data Not Yet Available: For defective products, staff negotiated a corrective action in 90% of cases within 60 business days. Results for this goal are based on preliminary data due to a reporting lag. Final results will be reported in the 2010 President's Budget.

6. Corrective Action Timeliness (Regulated Products)



Compliance staff regularly conducts surveillance activity to check compliance of products with CPSC mandatory standards. Samples collected by investigators in the Field are sent to the CPSC Laboratory for analysis. Additional technical analysis is often conducted by CPSC technical experts. When it is determined that a product violates CPSC standards, a Compliance Officer sends a letter of advice (LOA) to the manufacturer, importer or retailer. For violations posing a serious risk of injury, the letter will seek a consumer-level recall (unless the sample was collected at a port of entry and no products have been distributed within the United States). For less serious violations, the letter may seek a lesser corrective action, such as stopping sale of the violative products and correction of future production.

Goal: *In 2008, a corrective action plan will be negotiated and obtained within 35 business days on 88% of the regulated products cases after the firm has been issued a LOA.*

Data Not Yet Available: Staff successfully negotiated corrective actions in 96% of cases within 35 business days after an LOA has been issued. Corrective actions include consumer level recalls and, for less serious violations, stopping sale of violative products and correcting future production. Results for this goal are based on preliminary data due to a reporting lag. Final results will be reported in the 2010 President's Budget.

7. Voluntary Standards Compliance

Goal: *In 2008, staff will monitor compliance with one existing voluntary standard likely to reduce children's and other hazards.*

Met: In 2008, staff monitored one existing voluntary standard likely to reduce children's and other hazards.

Consumer Information

Alert the public to children's and other hazards through:

8. Consumer Outreach

In 2007, 978 million views of CPSC safety messages were received by consumers through TV appearances and VNRs related to children's and other hazard campaigns and recalls as well as from downloading e-publications from our Web site. This is unusually high due to unprecedented press coverage of a number of recalled items that arose in 2007.

Goal: *In 2008, 450 million views of CPSC safety messages will be received by consumers through TV appearances and VNRs related to children's and other hazard campaigns and recalls as well as from downloading e-publications from our Web site.*

Not Met: The Agency reached nearly 334 million viewers through broadcast interviews, distribution of video news releases, and downloads of e-publications with critical safety information related to child dangers in and around the home. This was a very successful year by the Agency in communicating with parents and caregivers on the dangers of cribs, bassinets, magnets, poisonings, lead in toys, ATVs, and many other issues. The amount of media attention paid to the Agency in 2008 did not match that of 2007 because the toy recalls that occurred in 2007 generated truly extraordinary media coverage. In turn, the Agency did not reach its projected goal, but still served the public well in its efforts to highlight ways that children could be put in harm's way and our guidance for preventing injury or death.

9. Press Releases

In 2007, we issued 299 press releases and recall alerts on hazardous products.

Goal: *In 2008, staff will issue 228 press releases and recall alerts to inform the public about hazardous products related to children's and other hazards.*

Exceeded: The Agency issued 362 press releases during the year involving recalled products, seasonal safety warnings, and product alerts related to children's hazards in and around the home.

10. Conduct nine public information efforts to warn the public about other hazards.

All Terrain Vehicles (ATVs)



Goal: In 2008, we will continue information and education activities begun in 2006 and 2007 focusing on preventing injuries and deaths to both children and adults from ATVs. We will continue using grassroots communication tools, such as the Rapid Response program, which is activated when news breaks about an ATV-related death. This initiative will be carried out using such tools as public service announcements, injury prevention fact sheets, and interviews with local TV stations, radio stations and newspapers. In addition, a multi-faceted Web page dedicated to ATV safety will continue to be promoted with information for state officials, parents, children, and the press. The ATV safety Web site received about 135,000 visits in 2007.

Met: Staff met this goal by utilizing grassroots communications which are available through CPSC's Rapid Response ATV program. This initiative continues to be well received by the media, resulting in numerous interviews with TV and radio stations, newspapers, and trade magazines. National Public Radio, WSAZ TV, and *PowerSports* magazine are just a few examples of media that have conducted interviews with the Agency and ran stories based on our Rapid Response safety information reaching more than 14 million viewers with TV alone. Additionally, the Agency continues to update ATVSafety.gov every two weeks with new information related to estimated fatalities that occur, new news stories, staff status reports on rulemaking activities, and changes to state laws. This Web site has received nearly 170,000 hits as of the end of the year.

Back to School Safety



Goal: For 2008, CPSC is planning activities to increase public awareness of child safety issues during the upcoming school year. Our campaign will offer tips on making schools safer – in the classroom, on the playground, and on the trip to school. CPSC will share information with parents through activities such as a press release on back-to-school safety issues; by promoting CPSC's Back to School Safety Checklist, or recording a Podcast and sending a message to NSN members.

Exceeded: In August, at the start of the new school year, the Agency issued a news release and recorded a Podcast that focused on the danger to children going back to school. The Agency's safety message focused on helmet safety, drawstrings in clothing, movable soccer goals, playgrounds, ATVs, and recalled products. The Agency also made available to parents separate safety publications regarding helmet safety and movable soccer goals.

Additionally, the Acting Chairman addressed the issue of helmet use and sports safety at a press event held in Chicago in conjunction with the White Sox and the McClellan Elementary School reaching 2.8 million viewers. The NSN-based safety event encouraged all kids to wear the appropriate helmet when riding their bike, scooter, skateboard, ATV, and on athletic fields.

Pool and Spa Safety



In December 2007, the Congress passed and the President signed the Virginia Graeme Baker Pool and Spa Safety Act. The Office of Information and Public Affairs will coordinate the implementation of the information and education requirements of the legislation.

Goal: In 2008, CPSC will use tools such as letters and e-mails to key stakeholders informing them of the retrofit requirements for installation of safe drains and anti-entrapment devices. Staff will also disseminate concise information on the steps pool owners and communities must take to ensure that they are in compliance with this new federal law through such means as newsletters, trade publications, stakeholder meetings and conferences.

CPSC will also carry out a major national and local media campaign before Memorial Day weekend addressing pool and spa drownings and entrapments. To help reduce the number of children who drown each year, CPSC will use communication tools such as news conferences, media tours, press releases, videos, online safety messages, Podcast recordings, and messages sent to the Neighborhood Safety Network. CPSC will work closely with numerous partners, including Safe Kids Worldwide, American Red Cross, National Drowning Prevention Alliance, Association of Pool and Spa Professionals and others.

Exceeded: In May, the Agency hosted a national press conference in Washington, DC, which featured Acting Chairman Nord, Florida Representative Debbie Wasserman Schultz, Safe Kids Spokeswoman Nancy Baker (mother of the child for which the new federal law is named), and Suzy DeFrancis of the American Red Cross. The event drew coverage from local and national broadcast media, including CNN and Fox News, and an additional 25 million viewers watched parts of our video news release. A Podcast was also recorded and a drowning prevention message was sent to all Neighborhood Safety Network members.

Additionally, the Agency has worked to educate pool and spa owners/operators, industry officials, and safety advocates about the requirements of the Pool and Spa Safety Act. The Agency has addressed hundreds of phone calls and e-mails, developed a specialized listserv and educational poster, and posted public information on the Agency's Web site.

In-Home Drowning



Goal: In 2008, CPSC will focus at the end of the summer on addressing the hazard of standing water in places such as buckets and bathtubs to prevent drownings to young children. As part of this effort, CPSC will use tools such as issuing a Podcast, distributing a video, or issuing a poster for NSN members.

Met: Following the closing of many outdoor pools for the season, the Agency issued a news release in September 2008 to focus parents' attention on the dangers of other drowning hazards, specifically bathtubs and buckets. The news release cited newly released staff data regarding bucket submersion injuries and fatalities. The Agency also recorded two Podcasts on the subject made widely available through iTunes and other distribution networks. In addition, the Agency shared its new data and safety information with major parenting/child-safety magazines.

Neighborhood Safety Network



Goal: In 2008, CPSC will develop and distribute at least five posters and an educational tool kit for use by the Neighborhood Safety Network partners to keep consumers informed of emerging or seasonal safety hazards.

Met: The Agency expanded its Network this year to nearly 5,600 members and provided numerous safety messages and safety posters. The new posters focused on toy safety, safe travel, pool and spa safety, helmet safety, and smoke alarms. Additionally, the Agency developed and launched a new tool kit that NSN members can use to create their own safety programs on water safety, fire safety, older consumer safety, child safety, and ATV safety.

Poison Prevention



Goal: During National Poison Prevention Week of 2008, CPSC will promote the use of child resistant packaging to prevent children's poisonings, using activities such as radio and newspaper interviews, publications, message to NSN members, or partnering with other injury prevention organizations, as appropriate.

Met: At a press event held in the exhibit hall of Union Station in Washington, DC, the Agency highlighted child poisoning as a public health problem. The Acting Chairman encouraged safe practices related to medicines and household chemicals, delivering the message of layered protection, and the success of child-resistant packaging when used properly. The Agency distributed a poison prevention-themed NSN poster to the public during the event. In addition, a Podcast on Poison Prevention was recorded and posted online.

Smart Holiday Shopping / Toy Safety



Goal: Every fall holiday season, we will continue efforts to educate parents and caregivers on the appropriate toys for appropriate aged children.

We will issue a news release and hold a press conference. CPSC may also distribute a VNR, produce a safety poster, record a Podcast, inform NSN members, and promote consumers to sign-up for recall information on www.cpsc.gov and www.recalls.gov.

Exceeded: In November 2007, CPSC issued a holiday toy safety press release, a video news release, and scheduled a day of holiday toy safety interviews with the Acting Chairman. Media interviews were conducted with more than 20 national and local media outlets and, when combined with coverage of a video news release, reached more than 46 million viewers. A Neighborhood Safety Network (NSN) poster was designed and distributed to NSN members focusing on the ABC's (Awareness Benefits Consumers) of toy safety and promoting www.cpsc.gov and www.recalls.gov. A Podcast was also produced to help promote toy safety education and age appropriate awareness.

In addition, the Acting Chairman hosted a second national news conference in February at the International Toy Fair trade show in New York City with media coverage reaching about 3 million viewers.

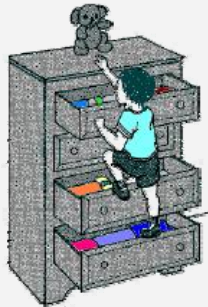
Electrical Safety



Goal: In 2008, during National Electrical Safety Month, CPSC will use at least one communication tool such as a news release or a safety poster for use by Neighborhood Safety Network members to keep consumers vigilant of electrocution and electric shock hazards and partner in this effort with the Electrical Safety Foundation International or National Electrical Manufacturers Association.

Met: A revised handbook on electrical safety: *Home Electrical Safety Checklist/Keeping You and Your Family Safe, Room-by-Room* was posted to the CPSC website in September 2008. (www.cpsc.gov/CPSCPUB/PUBS/513.pdf) Staff also partnered with the Electrical Safety Foundation International to distribute the checklist to a wider audience.

Tip-Overs



Goal: In 2008, staff will continue our public information efforts to warn parents about the deadly dangers of furniture, televisions, and stoves tipping over and killing or seriously injuring young children. As part of this effort, we will use communication tools such as a news release, video, Podcast recording, television interviews, a message to NSN members, or partnerships.

Met: In September, the furniture tip-over goal was achieved through several communication efforts, including recording and posting a Podcast, issuing a news release, and inclusion of an article in *The Safety Review* e-newsletter (which has a readership of 65,000). In addition, furniture and TV tip-over incidents have received extensive national television coverage, resulting in more than 5.9 million viewers.

Nursery Safety

New*: During the course of announcing the major recalls of cribs and bassinets and highlighting the dangers of pillows in the sleeping environment as part of Baby Safety Month, the Agency provided numerous messages to parents and caregivers on nursery safety.

* New work for which no goal was established.

IDENTIFYING PRODUCT HAZARDS

Total Resources for This Goal (dollars in thousands)					
Fiscal year	2004	2005	2006	2007	2008
FTEs	67	85	80	71	82
Amount	\$9,353	\$10,600	\$11,361	\$10,840	\$17,447

THE PROGRAM

CPSC collects data on consumer product-related injuries and deaths, as well as economic and hazard exposure information, for products under our jurisdiction. We also investigate specific injury cases to gain additional knowledge about injuries or hazards and how the reported product was involved. We systematically analyze this information to determine where hazards exist and how to address them. These activities reflect the Agency's commitment to making decisions based on appropriate data analyses. This work provides underlying support to all of CPSC's safety activities. The activities of this program are divided into two categories: Data Collection and Data Analysis.

Product-Related Injuries. Each year, we collect information about product-related injuries treated in hospital emergency rooms through our National Electronic Injury Surveillance System (NEISS). This unique system provides statistically valid national estimates of product-related injuries from a probability sample of hospital emergency rooms and is the foundation for many CPSC activities. Several foreign governments have modeled their national injury data collection systems after CPSC's system. Annually, NEISS supplies over 360,000 product-related cases from a sample of about 100 hospitals. The hospitals transmit incident information electronically and, in some cases, the data are available within 24 hours after an incident.

In 2000, NEISS was expanded to provide data on all trauma-related injuries. This expanded data provide other federal agencies, researchers, and the public with more comprehensive information on injuries from all sources, not just consumer products. The Institute of Medicine recommended the expansion of NEISS into an all-injury system. The effort is being supported by reimbursable funds of approximately \$2 million from the Centers for Disease Control and Prevention. The reimbursable funds allow us to collect non-consumer product injury data, while we continue collecting product injury data with CPSC funds.

Product-Related Deaths. CPSC also collects mortality data. We purchase, review, and process about 8,000 death certificates each year covering unintentional product-related deaths from all 50 states. Our Medical Examiner and Coroner Alert Project collects and reviews approximately 4,600 additional reports from participating medical examiners and coroners throughout the country. We also collect and review about 8,200 news clips and 12,450 other reports of product-related injuries and deaths from consumers, lawyers, physicians, fire departments, and others.

CPSC has also begun an initiative to explore ways to enhance our current hazard identification systems into a more robust "Early Warning System." Our goal is to better identify and respond to children's product safety hazards starting with cribs, bassinets, and play yards. This initiative is important because it is designed to address possible emerging hazards more quickly and effectively. Through an enhanced system, we hope to catch any discrepancies in information and find product safety patterns as they emerge.



ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
Data Collection Activities						
1. Evaluate, train and audit hospitals in the NEISS sample	Goal	100%	100%	95%	95%	95%
	Actual	98%	99%	100%	99%	100%
2. Capture the product-related cases	Goal	90%	90%	90%	90%	90%
	Actual	93%	92%	91%	91%	91%
3. Complete headquarters telephone investigations in less than 45 business days	Goal	85%	90%	90%	90%	90%
	Actual	100%	99%	100%	99%	99%
4. Complete fire investigations as on-site or other in less than 45 business days	Goal	**	**	**	95%	95%
	Actual	91%	97%	95%	98%	98%
5. Complete non-fire investigations as on-site or other in less than 45 business days	Goal	**	**	**	93%	93%
	Actual	90%	97%	93%	96%	95%
6. Increase the number of Compliance inspections by field staff	Goal	**	**	**	400	400
	Actual	417	274	320	493	463
7. Sustain the number of incident reports collected from medical examiners and coroners	Goal	3,600	3,600	4,160	3,900	4,500
	Actual	4,514	4,428	4,843	4,724	4,606
8. Sustain the number of incident reports collected from news clips	Goal	7,000	7,000	8,100	7,300	7,800
	Actual	7,870	8,766	8,634	8,612	7,402
Data Analysis Activities						
9. Early Warning System	Goal	**	**	**	**	1
	Actual	--	--	--	--	1
10. Conduct special economic studies	Goal	10	8	8	8	8
	Actual	10	8	11	9	10

** No goal established.

-- Data not available.

Data Collection Activities

Maintain the quality of injury data through:

1. Monitoring Hospitals



Evaluation visits provide CPSC staff an opportunity to review hospital records and assure that hospital coders are capturing and reporting data on the highest possible percentage of reportable cases.

Goal: In 2008, staff will conduct at least one evaluation visit at 95 percent of the hospitals in the NEISS sample.

Exceeded: Staff visited 100 percent of the hospitals in the NEISS sample at least once to complete evaluations, training, and audits.

2. Capturing Product-Related Cases



A high reporting percentage is necessary to assure the integrity of the estimates. Remedial action would be implemented in any hospital that is missing significant numbers of reportable cases.

Goal: In 2008, NEISS hospitals will report over 90 percent of product-related cases, as documented by audits in each hospital.

Exceeded: Based on the evaluation visits conducted in 2008, we captured 91 percent of all product-related cases in each hospital.

Identify and investigate product hazards in the field:

3. Telephone Investigations (Headquarters)



Headquarters telephone investigations provide valuable information on specific NEISS cases of interest to CPSC analysts. Analysts must receive this data as quickly as possible to support hazard reduction activities.

Goal: *In 2008, staff will complete at least 90 percent of investigations in fewer than 45 business days.*

Exceeded: For investigations conducted in 2008, over 99 percent were completed within 45 days.

4. On-site and Other Fire Investigations (Field) – Timeliness

On-site and other fire investigations provide valuable information on cases of interest to CPSC compliance officers and analysts. Analysts must receive this data as quickly as possible to support hazard reduction activities.

Goal: *In 2008, field staff will complete at least 95 percent of on-site and other fire investigations (not including telephone investigations) in fewer than 45 business days.*

Exceeded: In 2008, staff completed 98 percent of on-site and other fire investigations (not including telephone investigations) in less than 45 business days.

5. On-site and Other Non-Fire Investigations (Field) - Timeliness

On-site and other non-fire investigations provide valuable information on cases of interest to CPSC compliance officers and analysts. Analysts must receive this data as quickly as possible to support hazard reduction activities.

Goal: *In 2008, field staff will complete at least 93 percent of on-site and other non-fire investigations (not including telephone investigations) in fewer than 45 business days.*

Exceeded: In 2008, staff completed 95 percent of on-site and other non-fire investigations (not including telephone investigations) in less than 45 business days.

6. Compliance Inspections

Goal: *In 2008, field staff will conduct 400 Compliance inspections.*

Exceeded: In 2008, staff completed 463 inspections of firms to determine compliance with CPSC laws and regulations.

7. Medical Examiner and Coroner Reports



Reports from medical examiner and coroners provide critical information on product-related deaths. The data are especially valuable because unlike death certificates, they are generally received soon after the incident and provide some detail on how the incident occurred.

Goal: *In 2008, staff will obtain 4,500 medical examiner/coroner reports.*

Exceeded: In 2008, CPSC staff obtained 4,606 medical examiner/coroner reports.

8. News Clips



CPSC relies on clips from newspapers in all 50 states to identify incidents. These clips provide many reports of product-related deaths, serious injuries, and hazardous fires. The reports fill gaps in reporting from other data systems and provide a very important source of incidents to investigate in support of hazard identification and analysis activities.

Goal: *In 2008, staff will obtain 7,800 incident reports from news clips.*

Not Met: Staff received 7,402 incident reports and entered them into the CPSC database. We did not meet our goal of collecting 7,800 news clips this year. The reason for the decline in news clips is that we discontinued one of our contracts due to an unacceptable change in their terms. We later expanded our coverage with another clipping service, but they did not match the level of coverage previously provided.

Data Analysis Activities

9. Early Warning System (Pilot Program)

In 2007, CPSC staff has established a pilot program for an Early Warning System (EWS) that will facilitate rapid identification and corrective actions regarding emerging product-associated hazards. The pilot consists of a system of processes and procedures that integrate timely input from subject matter experts (SMEs) and electronic assessment tools for evaluating incoming product-related reports. The system will also document the status of activities and actions taken by various CPSC offices.

Goal: *In 2008, staff will develop and implement processes and procedures for the pilot EWS focusing on products found in the sleeping environments of children – cribs, bassinets, and play yards (play pens). A multidisciplinary team of SMEs will meet weekly to evaluate and characterize the hazard scenarios and failure modes of product-associated incidents received during the previous week. An electronic database will be developed to capture the hazard scenarios, failure modes, investigative status, and compliance action disposition of each incident.*

Met: Work on the EWS contributed to three recalls involving more than 780,000 cribs demonstrating the successful implementation of the pilot EWS processes and procedures. A master database, which is updated weekly with reports from multiple sources, contains hazard characterizations for more than 1,200 incidents reported to CPSC staff over an eleven-month period. During its weekly meetings, the EWS pilot team identified an emerging entrapment hazard presented by breaking crib slats. Additionally, the team provided early identification of several safety standard violations.

During the past year, the EWS pilot team has also worked closely with Information Technology staff and contractors to enhance the features and efficiency of the automated component of the EWS pilot database.

10. Special Economic Studies

Staff conducts economic studies to develop hazard exposure data; to provide injury cost estimates; to develop estimates of product life and numbers of products in use; and to determine general and small business impacts, such as costs of production, environmental impact, labeling, and recalls. Staff will maintain econometric models through periodic review to assure that methodological approaches and models of products are current and adequate for CPSC staff use.

Goal: *In 2008, staff will complete eight special economic studies.*

Exceeded: Staff completed ten special economic studies, including the following topics: imported products (3 studies), fire-related injuries, sleepwear-related injuries to children, fire-escape masks, ATV mortalities, carbon monoxide poisonings, medically treated injuries from consumer products, and discount rate impacts on estimates from the Injury Cost Model.

SERVICES AND MANAGEMENT GOALS: INDUSTRY SERVICES[#]



STRATEGIC GOAL: Maintain success with the timeliness and usefulness of the Fast Track Product Recall and the Small Business Ombudsman programs for industry through 2010.

THE PROGRAM

CPSC's Compliance function ensures that firms comply with the laws, regulations, and safety standards that protect consumers from hazardous and defective products. When a violation of a safety standard is found or a defective product is identified, we work cooperatively and quickly with industry to obtain an appropriate corrective action, which can include recall of the hazardous product.

We administer two programs to assist industry: the Fast Track Product Recall (Fast Track) and Small Business Ombudsman programs. Under the Fast Track program, a firm that reports a hazardous product and recalls it quickly avoids a CPSC staff preliminary determination that its product is defective and presents a substantial risk of injury. Other advantages of this program for industry include reductions in paperwork, red tape, and legal expenses related to voluntary recalls. For CPSC, advantages of this program include removing hazardous products from consumers and the marketplace more quickly and a reduction in staff time to process the recall.

To date, over 1,300 firms have participated in the program, resulting in over 2,229 product recalls involving over 226 million product units. The Fast Track program has been cited as outstanding by both government and private organizations.

With the Small Business Ombudsman program, we help small businesses comply more easily with product safety guidelines to manufacture safer products. This program provides firms with a single point of contact that expedites a clear and understandable response from our technical staff. To date, we have helped about 3,185 small businesses through CPSC's Ombudsman.

ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
1. Initiate a Fast Track recall within 20 days	Goal	95%	95%	90%	90%	90%
	Actual	96%	94%	98%	95%	96%
2. Respond to requests for CPSC's Ombudsman within 3 business days	Goal	80%	80%	80%	85%	85%
	Actual	82%	94%	N/A*	N/A*	77%
3. Develop guidance documents	Goal	5	5	5	5	5
	Actual	8	8	8	5	6

* Technical problems and staff changes resulted in incomplete data for 2006 and 2007.

[#] Resources for this effort are included in the two major programs, *Reducing Product Hazards to Children and Families* and *Identifying Product Hazards*, which this activity supports.

1. **Fast Track Timeliness**



Goal: In 2008, staff will complete a technical review and initiate a recall within 20 days 90 percent of the time for the Fast Track Program.

Exceeded: In 2008, Fast Track recalls were initiated within 20 business days 96 percent of the time.

2. **Ombudsman Timeliness**

Goal: In 2008, staff will respond to requests from small businesses through the CPSC Small Business Ombudsman within three business days 85 percent of the time.

Not Met: In 2008, staff responded to 77 percent of small business ombudsman requests within three business days. This goal was not met due to lack of personnel and other priority work. Over half of small business inquiries were answered in less than 24 hours. Additionally, over 85 percent of inquiries were responded to within five business days.

3. **Guidance Documents**



Goal: In 2008, staff will develop brief guides or other guidance documents for CPSC regulations so that industry can quickly and easily understand how to comply. Five additional guidance documents will be developed to explain regulations, other policies or procedures, or to assist industry in complying with CPSC regulations.

Exceeded: In 2008, we developed or updated six guidance documents so that industry can quickly and easily understand how to comply with regulations or obtain useful information. These were in the areas of cigarette and multi-purpose lighters, amusement ride directory, loungewear guidance letters, mattress flammability information, battery recall, and car seat recall information.

SERVICES AND MANAGEMENT GOALS: CUSTOMER SATISFACTION WITH CPSC SERVICES[#]



STRATEGIC GOAL: Sustain the high level of customer satisfaction with the CPSC Web site, hotline, Clearinghouse, and State Partnership Program at 90 percent or better through the year 2010.

THE PROGRAM

In addition to our work reducing hazards associated with consumer products, we provide additional services to the public in the form of information services, including the Agency's Internet Web site, hotline, the National Injury Information Clearinghouse, and the State Partners Program. These resources are used both to provide safety information to, and receive information from, the public. Customer satisfaction with these services is vital if CPSC is to fulfill its mission.

Our Web site (www.cpsc.gov) provides Internet access to CPSC resources and allows the public to view information about recalled products, report unsafe product incidents, request information, and download safety information. The hotline is a toll-free service that allows consumers to report product complaints or product-related injuries, learn about recalls and safety hazards, and obtain safety publications. The National Injury Information Clearinghouse provides data to the public in response to about 1,600 requests each year. It also alerts manufacturers to potential hazards associated with their products, providing them with consumer complaints, reported incidents, and incident investigations involving their products. Our State Partners Program, using limited CPSC funds and CPSC-developed safety information, brings product safety services to consumers through cooperative programs with state and local governments. The program extends our reach throughout the nation.

The screenshot shows the CPSC website interface. At the top is the CPSC logo and the text "U.S. Consumer Product Safety Commission". Below this is a navigation bar with links for "Consumer Safety", "About CPSC", "Library - FOIA", and "Business". A search bar is visible. The main content area is divided into several sections: "HELP | ADVANCED SEARCH", "ESPAÑOL", "WHAT'S POPULAR", "ESPECIALLY FOR KIDS", "PRESS ROOM", "PUBLIC CALENDAR", "JOBS AT CPSC", "CONTACT US | DIRECTIONS", and "CONSUMER OPINION FORUM". There are also links for "NPS/Podcasts", "RSS", "Safety Tips", "Video Clips", "Wireless", and "中文网页 (US Requirements)". Key sections include "Recalls and Product Safety News", "Report an Unsafe Product", "Sign Up for Email Announcements (Español)", "Product Safety Standards", "CPSC Publications", "Recent Recalls" (listing items like Laptop Computer Batteries, Power Adapters, Mixers, Chain Saws, Wooden Toys, Halloween Figurines, Ghost Tealight Holders, Treadmills, and Mattresses), and "What's Hot" (listing items like Replace Smoke Alarm Batteries This Weekend, CPSC Provides Safety Tips for a Safe "Trick or Treat", Questions and Answers: Children's Gasoline Burn Prevention Act, Register as a Third Party Laboratory with the CPSC, and Information on Upcoming CPSC Meetings: Lead, Phthalates). The bottom right corner features logos for "ATVSAFETY.GOV", "www.Recalls.gov", and "USA.gov".

[#] Resources for this effort are included in the two major programs, *Reducing Product Hazards to Children and Families* and *Identifying Product Hazards*, which this activity supports.

ANNUAL GOALS AND RESULTS

Annual Goals Summary		2004	2005	2006	2007	2008
CPSC Web site						
1. CPSC Web site visits (in millions)	Goal	10.0	11.0	18.0	25.0	38.8
	Actual	11.9	13.7	20.3	32.3	40.5
Hotline Services (1-800-638-CPSC)						
2. Respond to voicemail messages the next business day	Goal	85%	85%	85%	85%	95%
	Actual	96%	86%	89%	99%	100%
3. Process incident reports within 8 working hours	Goal	90%	95%	95%	100%	95%
	Actual	100%	100%	100%	100%	100%
National Injury Information Clearinghouse						
4. Mail incident information for verification to consumers within 2 business days	Goal	95%	95%	95%	95%	95%
	Actual	99%	95%	100%	98%	97%
5. Provide manufacturers with verified incidents and investigations within 48 business days	Goal	90%	90%	90%	90%	95%
	Actual	95%	95%	96%	97%	100%
6. Provide responses to requests within 7 business days	Goal	95%*	95%*	95%	95%	80%
	Actual	97%	99%	98%	82%	63%
State Partners Program						
7. Conduct product safety activities within 90 days or less	Goal	**	**	**	88%	95%
	Actual	81%	87%	95%	99%	100%
8. Host state caucus training sessions	Goal	**	**	**	1	1
	Actual	0	0	0	1	1

*Starting in 2006, this goal was changed from 5 to 7 business days.

**No goal established.

Strategic Goal – Hotline

CPSC successfully met the strategic goal of maintaining a high level of customer satisfaction with the hotline. Staff conducted a survey during 2008 and the results showed that 90 percent of respondents were satisfied with the way the hotline worked. To maintain this high level of customer satisfaction, the hotline staff responds to over 85 percent of voicemail messages the next business day and processes all incident reports within 8 working hours. Consumers are able to speak to courteous staff members who provide safety information that is easy to understand when they call the hotline.

CPSC Web site

1. Web site visits



CPSC's Web site (www.cpsc.gov) was established to widen and speed public access to important safety information. The site started out simply, allowing for the retrieval of basic information such as press releases (usually announcing product recalls) and the Agency's public meeting calendar. Over time, new features have been added, such as allowing the public to make online reports of product hazards and providing the ability to search and download data from our National Electronic Information Surveillance System (NEISS).

The number of visits to the Web site has grown rapidly from about 11.9 million visits in 2004 to about 32.3 million visits in 2007. Based on a customer feedback survey and a review of our Web site, we plan to implement changes that will improve the ability to access safety information.

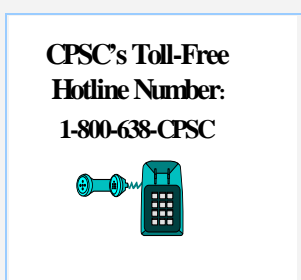
Goal: In 2008, we anticipate that we will have 38.8 million visits to CPSC's Web site.

Exceeded: In 2008, we had 40.5 million visits to CPSC's Web site (www.cpsc.gov). There were many improvements to the web site during 2008:

- after passage of the Consumer Product Safety Improvement Act in August 2008, the Web site was expanded to include easy-to-find information regarding the new legislation. (www.cpsc.gov/about/cpsia/cpsia.html)
- a new Neighborhood Safety Network webpage was launched. (www.cpsc.gov/nsn/nsn.html)
- two new recall search methods were developed (by hazard and by country of manufacturer for recalls since October 2001).
- an e-mail list for the Agency's mattress experts was made available.
- a Web cast for international programs, *Consumer Products Exported to the United States: Who is Responsible for Safety?* was made available.

Hotline Services (1-800-638-2772)

2. Voicemail



The hotline maintains high levels of customer satisfaction through administering a performance-based contract for hotline operators who deal directly with the public. Under this type of contract, we evaluate the performance and renew the contract only if the performance level meets or exceeds the standards set forth in the contract. This includes maintaining the hotline automated message system, maintaining the system for responding to e-mail messages, and preparing reports on consumer usage of these systems. In 2007, we received about 3,500 messages from the public through voicemail.

Goal: *In 2008, hotline staff will respond to voicemail messages the next business day 95 percent of the time.*

Exceeded: In 2008, hotline staff received 3,950 voicemail messages. They were responded to the next business day 100 percent of the time.

3. Incident Reports

Consumers may make a complaint of an unsafe product or product-related injury through the hotline. In 2007, hotline staff processed over 3,700 complaints about consumer products and 100 percent were completed within 8 working hours. We use these complaints to look for emerging hazards and to support studies of specific product hazards.

Goal: *In 2008, hotline staff will process product incident reports within 8 working hours 95 percent of the time.*

Exceeded: In 2008, hotline staff received 3,936 complaints about consumer products. These were processed within 8 working hours 100 percent of the time.

National Injury Information Clearinghouse

4. Consumer Confirmation

The Clearinghouse contacts consumers to request verification of information contained in incident reports of unsafe products submitted to us through our consumer hotline, the Internet, or by mail. Requests for verification are mailed to consumers within 48 hours after the report arrives in the Clearinghouse. In 2007, we sent nearly 12,000 reports to consumers for verification and 98 percent were completed within two business days.

Goal: *In 2008, staff will mail incident report verification information to consumers within two business days 95 percent of the time.*

Exceeded: In 2008, we mailed a total of 13,465 requests for verification. These were mailed within 48 hours 97 percent of the time.

5. Manufacturer Mailing

The incidents from consumers and investigation reports from CPSC's field staff are sent to manufacturers whose products are named in these reports. Consumer verification information and manufacturer responses are also made available to staff electronically for review. In 2007, we mailed about 12,400 reports to manufacturers and 97 percent were completed within 48 business days. The number of business days is calculated from the date the incident or investigation is received in the Clearinghouse and includes 20 business days of waiting for a response verifying the information from the complainant.

Goal: *Staff will provide reported incidents and completed investigation results to manufacturers of identified products within 48 business days of receiving the reports in the Clearinghouse 95 percent of the time.*

Exceeded: In 2008, staff received 11,530 incident and investigation reports. These were provided to manufacturers within 48 business days 100 percent of the time.

6. Information Requests

The Clearinghouse provides the public with technical information relating to the prevention of death and injury associated with consumer products. Requests for injury data are assigned to technical information specialists who search Agency databases and publications to tailor responses to each customer's needs. Most of the about 1,600 requests received in 2007 were completed within seven business days. Since 2006, goal definition and targets have been adjusted because of reprioritization of resources.

Goal: *In 2008, staff will provide responses to requests for information within seven business days 80 percent of the time.*

Not Met: Due to a lack of personnel resources, we responded to consumers' requests for information within seven business days only 64 percent of the time. Responses were provided within 13 business days 80 percent of the time.

State Partners Program

7. Product Safety Activities

CPSC's State Partners Program works in cooperation with a group of state and local officials to deliver CPSC services to consumers, including recall checks, inspections, and in-depth injury investigations to support CPSC priorities.

Goal: *In 2008, staff will conduct 95 percent of product safety activities including recall checks, inspections, and in-depth investigations within 90 days or less of assignment.*

Exceeded: During 2008, the State Partners program conducted over 1,042 product safety activities including recall checks and inspections. These were completed within 90 days or less 100 percent of the time.

8. State Caucus Training

State and local officials work with CPSC on cooperative activities that complement those performed by CPSC field staff and are done at little or no cost to CPSC. Staff will host training for these officials.

Goal: *In 2008, staff will host one annual training session for state and local officials.*

Met: In 2008, CPSC staff hosted a State & Local training caucus to provide States with the most current information about consumer product safety. Participants received training on new CPSC regulations, particularly CPSIA. In addition, State representatives exchanged information that will allow them to work cooperatively with CPSC to promote product safety within their jurisdiction.

SERVICES AND MANAGEMENT GOALS: PRESIDENT'S MANAGEMENT AGENDA[#]



INTRODUCTION

The President envisions a government that has a citizen-based focus, is results-oriented, and is market-based. To improve the functioning of the Federal Government and to achieve efficiencies in its operations, the President has highlighted five government-wide management initiatives. They are:

- Strategic Management of Human Capital
- Competitive Sourcing
- Improved Financial Performance
- Expanded Electronic Government
- Budget and Performance Integration



The Commission has taken a number of steps to support the management initiatives in the areas as delineated in the President's Management Agenda, which allow us to achieve our goals while managing public resources with prudence.

Strategic Management of Human Capital

Annual Goals Summary		2004	2005	2006	2007	2008
1. Modify the appraisal system	Goal	1	1	1	0	1
	Actual	1	1	0	0	1
2. Identify skill gaps	Goal	1	1	1	1	1
	Actual	0	0	0	1	1
3. Maintain the recruitment process time	Goal	62	62	62	62	62
	Actual	60	61	61	49	62
4. Conduct training for managers in human resource management	Goal	2	1	2	2	6
	Actual	3	2	4	6	7
5. Conduct focus groups of new employees	Goal	2	2	1	1	1
	Actual	2	2	1	2	1
6. Target recruitment efforts to organizations serving under-represented populations	Goal	10	12	12	8	10
	Actual	12	14	14	11	15
7. Conduct training sessions for managers and employees in EEO/AEP responsibilities	Goal	3	3	3	3	5
	Actual	10	10	4	6	7
8. Promote representation of under-represented groups and individuals with disabilities	Goal	5	5	5	5	5
	Actual	12	13	10	6	6

1. *Appraisal System*

Staff revised CPSC's Senior Executive Service (SES) Performance Management System performance elements and standards in 2004 to include measures of success in meeting

[#] Resources for this effort are included in the two major programs, *Reducing Product Hazards to Children and Families* and *Identifying Product Hazards*, which this activity supports.

Agency goals in our annual performance plans. In 2005, we revised the elements and standards for the remainder of the employees. In 2006, we monitored the use of the SES performance elements and standards and implemented the modified elements and standards for the remainder of the employees.

Goal: *In 2008, we will fully implement the modified elements and standards for the remainder of the employees incorporating results-based performance measures with a direct link to CPSC's strategic goals.*

Met: In 2008, a mandatory critical element, program support, was implemented for all nonsupervisory employees. Specific organizational Strategic Goals and performance goals that the employee is accountable for are included in this new element. This strategic alignment provides a direct, transparent link for the employee.

2. Skills Analyses

In 2004, we developed competencies for some of our mission critical positions. In 2007, a new management training directive was developed that included a skill gap assessment, mandatory training requirements, and a training plan for all supervisors, managers, and executives. Additionally, skill gap analysis was completed for occupations in Human Resources and Information Technology.

Goal: *In 2008, we will identify skill gaps and develop training plans for other mission critical positions.*

Met: In 2008, a formal skill gap analysis was completed for all of our engineering occupational series, engineering technicians, and textile technologists at each grade level. The Workforce Plan and Analysis for each occupation included: developing core competencies and tasks, determining needed and current proficiency levels, developing master training and development plans, and developing a competency assessment and development plan.

3. Recruitment Time

Staff maintained the recruitment process time, calculated as the difference in the number of days between the recruitment request and the candidate selection date. In 2007, staff implemented an automated applicant intake system to improve efficiency in the staffing process. The average recruitment processing time for 2007 was 49 days, a reduction over the 2006 average of 61 days and well below the 2002 government average of 102 days.

Goal: *In 2008, staff will maintain the recruitment process time.*

Met: In 2008, our average recruitment time was 62 days. This increased over the 2007 average recruitment time due to a significant increase in hiring combined with unfilled vacancies in the human resources office. In 2008, staff processed 152 recruitment actions, compared to 57 recruitment actions in 2007.

4. Human Resource Training

In 2007, we provided additional funds to provide six management courses to Agency staff. In 2008, we will again provide additional funds.

Goal: In 2008, staff will conduct training for managers and supervisors in human resource management. This would include topics such as performance management incentive programs and other human resource procedures.

Exceeded: In 2008, seven training sessions were held on various Human Resources topics, such as Leave Management, Automated Hiring System, Performance Management, Adverse Actions, and Handling Privacy Act Information.

5. Focus Groups

Goal: In 2008, staff will conduct an online survey for all new employees to learn from their experience and determine how to improve our recruitment process.

Met: In 2008, two focus groups were conducted to survey new employees on the recruitment and orientation process. Several suggestions will be implemented to improve services in 2009.

6. Target Recruitment

Goal: In 2008, staff will target ten recruitment efforts to organizations serving under-represented populations.

Exceeded: In 2008, we expanded our targeted recruitment efforts to include:

- job postings in diverse forms such as, *Diverse Magazine*, *Craig's List*, *Public Service Hot Jobs*, *IGNet*, and *Job of the Week (JOTW)*.
- inclusion of recruitment brochures in welcome packages for attendees at the National IMAGE and National Blacks in Government (BIG) conferences.
- posting vacancies through career services of various colleges, universities, and affinity groups.
- attending job fairs at the University of Maryland University College and the US Department of Agriculture (USDA)/Hispanic Association of Colleges and Universities (HACU).

A review of applicant data reflects an increase of African-American, Hispanics, and Individuals with Disabilities in our well-qualified pool of eligible candidates. This is also reflected in our hiring data as we increased our representation of Hispanic females by 40 percent and African-American males and females by almost 10 percent each. We continue our outreach to disabled veterans through our partnership with *Operation War Fighter*.

7. EEO/AEP Training

Goal: In 2008, staff will conduct five training sessions for CPSC managers and employees about their EEO/AEP responsibilities.

Exceeded: In 2008, we provided training for managers and supervisors in understanding reasonable accommodation, a session of "Ask the Experts," and a discussion on diversity and inclusion. All employees received training in the No FEAR Act that included information on the complaints, accommodation, and mediation processes. Our Field Supervisors received training in being proactive, not reactive, about complaints. We provided basic EEO training to new Compliance Officers and Field Investigators and Prevention of Harassment training to both Compliance and Field supervisors and employees.

8. Promote Representation

Goal: In 2008, staff will promote representation of under-represented populations and individuals with disabilities with at least five initiatives. Examples of these new initiatives are mentoring programs, summer volunteer program, employee training programs, and disability and diversity awareness programs.

Exceeded: In 2008, we continued our partnership with Bethesda-Chevy Chase High School through the mentoring of high-risk students and student interns. We also participated in the school's career day by hosting students at CPSC and providing an opportunity for them to interact with staff. In February, we conducted a workshop titled *What if there were no Black folks?* which highlighted significant contributions of African-Americans. We hired two summer interns who are members of HACU to work at our laboratory. In July, we conducted the first annual CPSC Diversity Day celebrating inclusion.

Competitive Sourcing

Annual Goals Summary		2004	2005	2006	2007	2008
9. Review and revise the annual FAIR Act Inventory as appropriate	Goal	1	1	1	1	1
	Actual	1	1	1	1	1
10. Complete performance work statements and cost statements for 20 percent of the activities in the FAIR Act Inventory annually	Goal	20%	20%	20%	0%	20%
	Actual	0%	0%	0%	0%	0%
11. Complete competitions for activities in the FAIR Act Inventory	Goal	**	20%	20%	0%	20%
	Actual	0%	0%	0%	0%	0%

**No goal established.

9. FAIR Act Inventories

We have completed an inventory as required by the *Federal Activities Inventory Reform Act (FAIR)* each year since 1999. We reviewed all positions in the Agency. We find that the majority of CPSC employees are engaged in the governmental public safety function of investigating product hazards and developing product standards.

We currently contract for most of our commercial services. For example, CPSC contracts for mail and driver services, laborer services, and copy and library services. We also contract for our consumer hotline operation, data screening for NEISS, and much of our computer programming and help desk operations. A total of 43 FTEs are represented by these contractual services. In addition, we contract for specialized commercial reviews, such as bankruptcy experts, during the course of our investigations. We also contract out for operations of various major administrative systems such as payroll, finance, human resources, and procurement. We estimate that these contracts represent at least another 7 FTEs for a total of 50 FTEs currently contracted out.

In our 2007 inventory, we determined that an additional 12 employees, over and above the 50 FTEs that are already contracted out, may be performing commercial activities under the definitions in the FAIR Act and OMB Circular A-76 (Revised).

Goal: In 2008, we will review and revise the FAIR Act inventory, as appropriate.

Met: We completed and submitted the inventory to OMB as required by June 30. In our 2008 inventory, staff determined that an additional 12 employees, over and above the 50 that are already contracted out, may be performing commercial activities under the definitions in the FAIR Act and OMB Circular A-76 (Revised).

10. Performance Statements

Goal: *In 2008, we will complete performance work statements and cost statements for at least 20 percent of the activities in our FAIR Act inventory. Past work under this goal was deferred because of Commission reorganizations.*

Not Met: Due to continuing reassessment of staffing levels, this goal is being deferred until Commission staffing and organizational changes are stabilized.

11. Competition

Goal: *Through 2008, we will complete competitions for at least 20 percent of the activities in our FAIR Act inventory.*

Not Met: Due to continuing reassessment of staffing levels, this goal is being deferred until Commission staffing and organizational changes are stabilized.

Improved Financial Performance

Annual Goals Summary		2004	2005	2006	2007	2008
12. Monitor financial management systems that meet federal requirements and standards (Letter of Assurance)	Goal	1	1	1	1	1
	Actual	1	1	1	1	1
13. Recommendation for financial management system replacement	Goal	**	**	**	1	1
	Actual	--	--	--	1	1
14. Reduce or maintain the number of business days after month-end to produce monthly financial reports	Goal	3	3	3	3	3
	Actual	3	3	3	3	3

**No goal established.

--Data not available.

12. Financial Management Systems

In 2001, CPSC implemented a new core accounting system, the Federal Financial System (FFS), contracted from the Department of Interior's National Business Center (NBC), a major provider of federal accounting services meeting all federal accounting system requirements and standards.

Goal: *In 2008, CPSC will continue to monitor the system to ensure continued compliance with all applicable federal regulations and standards. This will be documented in staff annual letters of assurance.*

Met: In 2008, staff monitored the system by performing various system and program reviews to ensure compliance with federal regulations and standards. System reviews to support compliance are documented in the Division of Financial Services' annual letter of assurance. An independent auditor has issued an opinion on the FFS application for 2008 and found full compliance with all regulations and that FFS had no material weaknesses.

13. Financial Management Systems Replacement

In 2007, staff evaluated new financial systems and recommended a replacement system as NBC is eliminating support of FFS in 2010.

Goal: *In 2008, staff will sign a contract for replacing the financial system.*

Met: In 2008, staff signed a contract for replacing the financial system.

14. Information Timeliness

Currently, we provide monthly financial reports throughout the Agency by the third business day, on average, after the close of the month. In 2004, we pilot-tested electronic transmission of FFS reports, fully implementing it in 2005. This provides electronic on-demand access to financial information.

Goal: *The goal for 2008 is to maintain the third business day delivery of reports to Agency staff.*

Met: In 2008, monthly financial reports were made available to staff by the third business day after the close of each month. All report recipients received an email notification on the electronic accessibility of their reports immediately after month-end close.

Expanded Electronic Government

Annual Goals Summary		2004	2005	2006	2007	2008
15. Implement Web-based application to improve government-to-business communication	Goal	1	1	1	1	0
	Actual	1	1	0	0	0
16. Develop and implement technology to improve access and transfer of information government-to-government	Goal	1	1	1	1	1
	Actual	1	1	1	1	1
17. Improve internal efficiency and effectiveness	Goal	2	1	1	1	1
	Actual	2	3	6	0	1
18. Provide identity management architecture	Goal	**	**	**	**	1
	Actual	--	--	--	--	1

**No goal established.

--Data not available.

15. Government-to-Business (G2B)

Government-to-business initiatives will reduce the burden on business by adopting processes that dramatically reduce redundant data collection, provide one-stop streamlined support for businesses, and enable digital communications with businesses. Under the Flammable Fabrics Act, some manufacturers elect to submit verification of their compliance with the regulation by mailing a paper form with the necessary information to CPSC.

Goal: *No Government-to-Business goals are planned for 2008. Several G2B initiatives are on hold because of work being done at GSA to finalize their Public Key Infrastructure (PKI) solution. This initiative is a required element for many of our upcoming G2B projects.*

16. Government-to-Government (G2G)

Government-to-government initiatives will enable sharing and integration of federal, state and local data. A recently completed CPSC initiative includes the www.recalls.gov Web site which is a one-stop site that provides the most up-to-date information on

recalls and was developed in partnership with the Food and Drug Administration (FDA), the U.S. Coast Guard, the National Highway Traffic Safety Administration (NHTSA), the U. S. Department of Agriculture (USDA) and the Environmental Protection Agency. In 2005, we added a new section to www.recalls.gov that allows the public to view all participating agencies' most recent recalls on one page, rather than tabbing to the agencies individually, and makes recall information more readily accessible. In addition, we began working with the agencies to include an email subscription list to further enhance participating agencies' ability to disseminate important safety information. A coordination meeting was held to discuss future improvements.

Goal: *In 2008, staff will prepare a summary report highlighting future directions.*

Met: In 2008, staff met to discuss updates to www.recalls.gov Web site. Using comments from CPSC's www.recalls.gov Partner Meeting with representatives from FDA, the U.S. Coast Guard, NHTSA, and USDA in 2007, the team developed a plan to update the appearance and usability of the www.recalls.gov homepage.

The improvements planned include modifying buttons to enhance the usability of the site and updating the content of the page with a statement that more succinctly identifies the site as a federal government initiative, explains the purpose of the page, and instructs consumers how to use the page.

17. Internal Efficiency and Effectiveness (IEE)

This initiative brings commercial best practices to key government operations, particularly information security, supply chain management, human capital management, financial management and document workflow.

Goal: *In 2008, we will implement a Web-based application that will provide improved FOIA case management. This case management system will reduce the time spent searching for records that are currently in electronic form. In addition, we plan to implement electronic forms that can be used with digital signatures and work with Web-based workflows. As these forms become available, many of the paper-based systems will be replaced.*

Met: Staff implemented a web-based application for FOIA case management, FOIAXpress, that will improve case management and reduce time spent searching for records in electronic form. In addition, we have implemented electronic forms for the performance appraisal system.

18. Identity Management

The E-Authentication Initiative will provide a trusted and secure standards-based authentication architecture to support federal e-government applications and initiatives. This approach will provide a uniform process for establishing electronic identity and eliminate the need for each initiative to develop a redundant solution for the verification of identity and electronic signatures. E-Authentication's distributed architecture will also allow citizens and businesses to use non-government issued credentials to conduct transactions with the government.

Goal: In 2008, we will evaluate a public key infrastructure (PKI) solution to allow manufacturers to electronically submit reports such as Section 15 Reports and Continuing Guarantees under the Flammable Fabrics Act.

Not Met – Deferred: In 2008, staff was able to complete an evaluation for the Agency's Internal PKI technology solution, mandated by Homeland Security Directive 12 (HSPD-12). Based on that evaluation, staff was able to begin implementation of the Agency's Private Identity Verification (PIV) Card System.

The next planned phase in the PKI process was to evaluate external PKI technological solutions that would allow external partners and stakeholders (e.g. manufacturers) to submit and verify information electronically. This evaluation was not completed in 2008.

Budget and Performance Integration

Annual Goals Summary		2004	2005	2006	2007	2008
19. Perform program evaluations	Goal	7	8	6	4	4
	Actual	5	6	6	4	4

19. Program Evaluations

To integrate performance review with budget decisions, we have taken a number of steps, including: (1) changing internal databases to capture performance by strategic goal; (2) developing a system for resource allocation by strategic goal for direct and indirect costs; (3) adding resource allocations (FTEs and costs) for each strategic goal to the performance plan; and (4) combining the performance plan and budget request.

In addition, we have realigned our budget programs to match our strategic goals. Finally, the Office of Financial Management, Planning and Evaluation works under the direction of the Chief Financial Officer and the Office of the Executive Director to provide a comprehensive and cohesive integration of budget and performance. We believe that our annual budget and performance plans make the Agency performance-oriented by showing progress achieved on our hazard reduction goals and our quality and management goals. For continued improvement, however, we must evaluate our programs. Therefore, we will continue to set goals for performing specific evaluations as indicated in the Performance Evaluation section of this plan.

Goal: In 2008, we will complete four program evaluations such as conducting impact evaluations, reporting on annual updates of deaths and injuries, and assessing customer satisfaction with CPSC's services.

Met: Staff prepared the following program evaluation reports:

- *2007 Fireworks Annual Report, June 2008*
(www.cpsc.gov/LIBRARY/2007fwreport.pdf)
- *Non-Fire Carbon Monoxide Deaths Associated with the Use of Consumer Products, 2005 Annual Estimates*
(www.cpsc.gov/LIBRARY/co08.pdf)

- *2003-2005 Residential Fire Loss Estimates Report, August 2008*
(www.cpsc.gov/LIBRARY/fire05.pdf)
- Hotline Survey (draft)

PROGRAM EVALUATIONS

This section provides a summary of the evaluations we identified in our 2008 Performance Plan, as required in the Office of Management and Budget's Circular No. A-11.

Injury and death reduction strategic goals will have two types of evaluations: yearly tracking of injuries and deaths at the hazard level and evaluations of injury and death reductions associated with specific products at appropriate time intervals. The timing for evaluating injury and death reductions depends, in part, on how long consumers keep specific products. Evaluations at the product level will be conducted when consumers are expected to have replaced a substantial proportion of older products with safer products. Staff derives estimates of the extent to which safer products have replaced older products using CPSC's Product Population Model.

Customer service/customer satisfaction goals will also have two types of evaluations: tracking of customer service standards and activities, and assessments of consumers and industry. Tracking will be evaluated annually, while assessments are planned to be implemented on a cycle of every three years.

A. Reducing Fire-Related Deaths

Tracking of fire-related deaths

In 2008, the CPSC staff updated its report on fire-related (non-arson) deaths, injuries, and dollar losses from 2003 through 2005. The report presented estimates of annual and three-year averages for fire-related data. Following are some of the findings from the report.

For each year from 2003 through 2005, the relative ranking of the greatest contributors to fire loss has remained unchanged. Cooking equipment continued to account for the largest percentage of residential structure fires. An estimated annual average of 137,400 cooking equipment-related fires during 2003-2005 accounted for 36.3% of total residential fires for the same period. The corresponding death estimates averaged around 230 which is 8.4% of total deaths annually. The injury estimates averaged 3,510 injuries, which is 26.8% of the estimated annual average of the total number of injuries for the same period.

Heating and cooling equipment fires constituted the second largest share of total residential fires. The estimated annual average of 57,300 fires for the same period was 15.1% of the average annual estimate of total residential fires during the same period. The death estimates averaged around 270, which is 10% of total deaths annually. The corresponding injury estimates for the three years averaged 1,040 injuries. This accounts for 8% of the annual average estimate of total injuries during 2003-2005.

In the category of item first ignited, upholstered furniture ignition was involved in the greatest number of deaths. From 2003 through 2005, an estimated annual average of 560 deaths was associated with these fires. This constitutes 20.5% of the estimated annual average of total deaths associated with residential structure fires for the same period.

By heat source, smoking materials were the largest contributor to deaths and resulted in an annual average of 650 deaths from 2003-2005. This accounts for 23.9% of the estimated annual average of total residential fire deaths.

Tracking of fireworks-related deaths

In 2008, CPSC staff completed an analysis of data on fireworks-

related injuries and deaths during 2007. More detailed analyses of injuries including the type of injury and the firework involved, and the characteristics of the victim were based on a special study conducted between June 22, 2007 and July 22, 2007. About two-thirds of the annual fireworks-related injuries for 2007 occurred during that period. Following are some findings from the report as well as results from the special study.

CPSC staff has reports of 11 deaths associated with fireworks during 2007. Five people were killed in incidents involving aerial and display fireworks. Three people died in fires where fireworks were the ignition source. Three people were killed as a result of manufacturing or storing illegal fireworks. CPSC staff has reports of 11 fireworks-related deaths in 2006.

Fireworks were involved in an estimated 9,800 injuries treated in U.S. hospital emergency departments during calendar year 2007. This is 600 more injuries than in 2006, which was estimated at 9,200 injuries.

The special study estimated 6,300 fireworks-related injuries during the one month period between June 22, 2007 and July 22, 2007. Children under 15 accounted for 42 percent of the estimated injuries during this one month period.

The special study showed that among different types of fireworks, sparklers were associated with the greatest number of estimated injuries at 1,100. There were 1,000 injuries associated with firecrackers and 900 associated with rockets.

B. Reducing CO Poisoning Deaths

Tracking of CO deaths associated with all consumer products

In 2008, CPSC staff completed its report on unintentional non-fire deaths attributed to carbon monoxide (CO) poisoning that were associated with the use of consumer products from 2003 through 2005. From 2003-2005, there was an estimated yearly average of 171 unintentional non-fire CO poisoning deaths associated with consumer products; the estimate in 2005 was 195. It should be noted that data collection was not complete at the time of the analysis and, therefore, estimates for these years may change in future reports. Following are some findings listed in the report.

Engine driven tools were associated with the largest percentage of non-fire CO poisoning fatalities in 2005 at 56%. Heating system-related CO fatalities were associated with 27% of all consumer product-related CO poisoning fatalities.

The estimated number of generator-related CO fatalities more than doubled in 2005 from the previous year with an estimated 96 fatalities in 2005 compared to 41 in 2004. A major factor in the increase in generator-related CO fatalities in 2005 was generator use after loss of power caused by unusually severe weather activity. Forty-eight of the estimated 96 fatalities were directly linked to hurricanes or ice-storms. In 2004, an estimated 9 of 41 CO generator-related fatalities were associated with generator usage after a storm-caused power outage.

For 2005, adults between 45 and 64 years of age represented

44% of the estimated number of CO poisoning deaths and adults over 25 years of age represented 86%. Children under 15 years of age accounted for 5% of the estimated CO fatalities. There were no reported deaths for children under the age of 5 in 2005.

C. Customer Satisfaction

Hotline

In 2008, staff conducted a survey on its toll-free hotline to assess consumers' satisfaction level. To measure hotline users' opinions, staff mailed out customer satisfaction surveys to assess whether at least 90% of respondents were satisfied with the service they received. The results of the survey conducted showed that 90% of respondents were satisfied with the hotline. This indicates that the service was beneficial and useful to the consumers who used it in 2008. This level of satisfaction is not statistically different from that of 2003, when 91% of respondents were satisfied.

PROGRAM ASSESSMENT RATING TOOL (PART) SUMMARY

Program Title: Consumer Product Safety Commission

Program Type: Regulatory-based Program

Assessment Year: 2006

Assessment Rating: Effective

Assessment Status: Final

Findings:

- The program has a clear and unique federal role as the only federal agency with the authority to identify and address risks posed by over 15,000 types of consumer products.
- Long-term goals and annual performance measures are concrete, measurable, and directly support the Agency's mission.
- CPSC recently improved its management practices by developing a better way to systematically review its current regulations.

Improvement Plan	Status	Comments
Establishing broader, more comprehensive long-term goals consistent with CPSC's overall mission.	Action taken, but not completed	Actions currently underway. Lack of a CPSC quorum between February and August 2008 delayed completion to 2009.
Ensuring budget requests are explicitly tied to the accomplishment of annual and long-term performance goals, and that resource needs are presented clearly in the budget.	Action taken, but not completed	Future justification materials should reflect clear links between funding requests and performance accomplishments. Agency has purchased a new financial management system and is reviewing performance reporting capabilities.

Program Funding Level (in millions of dollars)		
2007 Actual	2008 Actual	2009 Request
63	80	80

BALANCE SHEET

FOR THE YEAR ENDED SEPTEMBER 30, 2008

Entity Assets:	2008	2007
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 26,350,948	\$ 13,485,061
Advances To Others	-	688
Accounts Receivable (Note 3)	2,376	5,085
Equipment (Note 4)	2,694,010	2,358,557
Total Entity Assets	29,047,334	15,849,391
Non-Entity Assets:		
Intragovernmental Assets:		
Fund Balance with Treasury	3,598,952	1,953,522
Accounts Receivable (Note 3)	779,408	695,015
Total Non-Entity Assets	4,378,360	2,648,537
Total Assets	\$ 33,425,694	\$ 18,497,928
Liabilities:		
Liabilities Covered by Budgetary Resources:		
Intragovernmental Liabilities:		
Accrued Benefits	\$ 2,328,111	\$ 1,764,211
Accounts Payable	182,625	250,467
Total Liabilities Covered by Budgetary Resources	2,510,736	2,014,678
Liabilities Not Covered by Budgetary Resources		
Intragovernmental Liabilities:		
Actuarial Federal Employees' Compensation Act Liabilities	361,600	395,468
Accrued Annual Leave	3,653,789	3,332,347
Imputed Financing Sources	3,024,280	3,267,210
Unemployment Insurance	5,167	(105)
Other Liabilities (Note 5)	4,378,360	2,648,537
Total Liabilities not Covered by Budgetary Resources	11,423,196	9,643,457
Total Liabilities	\$ 13,933,932	\$ 11,658,135
Net Position:		
Balances		
Unexpended Appropriations	23,840,212	11,470,383
Cumulative Results of Operations	(4,348,450)	(4,630,590)
Total Net Position	19,491,762	6,839,793
Total Liabilities and Net Position	\$ 33,425,694	\$ 18,497,928

STATEMENT OF NET COST FOR THE YEAR ENDED SEPTEMBER 30, 2008

Gross Costs:	2008	2007
Intragovernmental/Public Gross Costs		
Benefits Expenses	\$ 5,987,104	\$ 5,609,605
Operating Expenses	63,787,843	57,412,090
Unfunded Annual Leave	3,653,789	3,332,347
Imputed costs	3,024,280	3,267,210
Unemployment Insurance	5,167	(105)
Federal Employees Compensation Fund	361,600	395,468
Total Gross Costs	<u>76,819,783</u>	<u>70,016,615</u>
Less: Earned Revenue		
Intragovernmental Earned Revenue	(2,864,644)	(3,344,242)
Donated Revenue	22,573	(35,214)
Earned revenues from the Public	(19,362)	(63,788)
Total Revenues	<u>(2,861,433)</u>	<u>(3,443,244)</u>
Total Net Cost of Operations (Note 6)	<u>\$ 73,958,350</u>	<u>\$ 66,573,371</u>

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>2008</u>	<u>2007</u>
Cumulative Results of Operations:		
Beginning Balances	\$ (4,630,590)	\$ (4,549,054)
Budgetary Financing sources:		
Reimbursement Received	(2,871,108)	(3,344,242)
Accounts Receivable	(2,709)	5,085
Advance	(688)	688
Donated Revenue	22,573	(35,214)
Appropriations Used	70,097,502	62,677,754
Decrease prior year unfunded cost	3,970,640	3,560,271
Other Financing Sources(Non-Exchange):		
Imputed Financing	3,024,280	3,627,493
Total Financing Sources	74,240,490	66,491,835
Net Cost of Operations	(73,958,350)	(66,573,371)
Net Change	282,140	(81,536)
Cumulative Results of Operations	\$ (4,348,450)	\$ (4,630,590)
Unexpended Appropriations:		
Beginning Balance	\$ 11,470,383	\$ 8,659,809
Budgetary Financing Sources:		
Appropriations Received	80,000,000	62,727,790
Reimbursement Received	2,871,108	3,344,242
Donated Revenue	(22,573)	35,214
Appropriations Used	(70,097,502)	(62,677,754)
Cancellation of expired year	(381,204)	(618,918)
Total Budgetary Financing Sources	12,369,829	2,810,574
Total Unexpended Appropriations	\$ 23,840,212	\$ 11,470,383
Net Position	\$ 19,491,762	\$ 6,839,793

STATEMENT OF BUDGETARY RESOURCES FOR THE YEAR ENDED SEPTEMBER 30, 2008

Budgetary Resources:	2008	2007
Budget authority:		
Unobligated balances-brought forward, October 1	\$ 990,491	\$ 1,041,832
Recoveries of prior year unpaid obligations	1,379,620	755,024
Appropriation	80,000,000	62,727,790
Spending authority from offsetting collections	2,861,434	3,443,244
Cancellation of expired year	(381,204)	(618,918)
Permanently not available	-	-
Total Budgetary Resources	\$ 84,850,341	\$ 67,348,972
Status of Budgetary Resources:		
Direct	81,216,554	63,014,239
Reimbursable	2,871,108	3,344,242
Unobligated balances currently available	114,246	149,302
Unobligated balances not available	648,433	841,189
Total Status of Budgetary Resources	\$ 84,850,341	\$ 67,348,972
Change in Obligated Balances:		
Unpaid obligated balance, brought forward, October 1	12,494,569	9,603,599
Obligations incurred	84,087,662	66,358,481
Gross outlays	(69,614,342)	(62,712,486)
Recoveries of prior year unpaid obligations, actual	(1,379,620)	(755,024)
Total, unpaid obligated balance, net - end of period	\$ 25,588,269	\$ 12,494,570
Net Outlays		
Gross outlays	69,614,342	62,712,486
Less: Offsetting collections	(2,861,434)	(3,443,244)
Less: Distributed offsetting receipts	(40,534)	(20,318)
Total Net Outlays	\$ 66,712,374	\$ 59,248,924

STATEMENT OF CUSTODIAL ACTIVITY

For the Year Ended September 30, 2008

Gross Revenue Activity	2008	2007
Sources of Cash Collections:		
Civil Penalties and Fines	\$ 3,558,418	\$ 1,933,204
FOIA and Misc collections	40,534	20,318
Fees Collected-DOJ	35,518	3,346
Total Custodial Revenue	3,634,470	1,956,868
Disposition of Revenue Collected:		
Amounts to be Transferred to:		
Treasury General Fund	3,598,952	1,953,522
Retained by Justice Department-Fees	35,518	3,346
Net Custodial Activity	\$ -	\$ -

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The U.S. Consumer Product Safety Commission (CPSC) is an independent Federal regulatory agency whose mission is to save lives and keep families safe by reducing the risk of injuries and deaths associated with consumer products. The CPSC was created in 1972 by Congress under the Consumer Product Safety Act and began operating in 1973. The agency is headed by three commissioners nominated by the President and confirmed by the Senate for staggered seven-year terms. The President designates one of the commissioners as Chairman. The Consumer Product Safety Act (as amended) authorizes CPSC to:

- Develop voluntary standards
- Issue and enforce mandatory standards
- Obtain recall of products or arranging for their repair
- Conduct research on potential product hazards
- Inform and educate consumers responding to industry and consumer inquiries

Fund Accounting Structure

The CPSC's financial activities are accounted for by federal account symbol. They include the accounts for appropriated funds and other fund groups described below for which the CPSC maintains financial records.

General Funds: These funds consist of salaries and expense appropriation accounts used to fund agency operations and capital expenditures.

Miscellaneous Receipt Accounts: The CPSC collects civil penalties, Freedom of Information Act fees and other miscellaneous receipts which by law are not retained by CPSC. The U.S. Department of Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year.

Gifts and Donations Receipt Account: U.S.C. Title 15, Chapter 47, section 2076, paragraph (b) (6), authorizes CPSC "to accept gifts and voluntary and uncompensated services." CPSC occasionally receives donations from non-government sources in support of the agency's mission. Funds received from excess property sales are also maintained in this account.

Basis of Accounting and Presentation

The financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and custodial activities of the CPSC, in accordance with accounting principles generally accepted in the United States of America and the form and content requirements of OMB Circular A-136-Revised June 2008. Currently, the Statement of Financing (SOF) will be presented as a note per OMB's authority under Statement of Federal Financial Accounting Standards 7 and will no longer be considered a Basis Statement. The Statement of Financing will now be a display in the notes and referred to as "Reconciliation of Net Cost of Operations to Budget". The statements have been prepared from the books and records of the CPSC and include the accounts of all funds under the control of the CPSC.

Accounting principles generally accepted in the United States of America encompass both accrual and budgetary transactions. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. The accompanying financial statements are prepared on the accrual basis of accounting.

Budget Authority

Congress annually passes appropriations that provide the CPSC with authority to obligate funds for necessary expenses to carry out mandated program activities. The funds appropriated are subject to OMB apportionment of funds in addition to congressional restrictions on the expenditure of funds. Also, the CPSC places internal restrictions to ensure the efficient and proper use of all funds.

Fund Balances with the U.S. Treasury

Fund balances with Treasury consist of appropriated funds and general fund receipt accounts. Appropriated funds are available to pay current liabilities and authorized purchase commitments. General fund receipt accounts are used to record collections made by the CPSC on behalf of the Department of Treasury's General fund. The CPSC's fund balances with Treasury are carried forward until such time as goods or services are received and payment is made, or until the funds are returned to the U.S. Treasury.

Advances and Prepayments

Payments in advance of the receipt of goods and services are recorded as advances and recognized as expense when the related goods and services are received. Advances are principally advances to CPSC employees for official government business.

Accounts Receivable

Entity accounts receivables include amounts due from current and former employees. Non-entity accounts receivable are for civil monetary penalties imposed as a result of the CPSC's enforcement activities, and for fees imposed for information requested from the public for Freedom of Information Act requests. CPSC does not retain these non entity receipts.

Property and Equipment

Property and equipment consists of equipment and software. All items with an acquisition value greater than \$5,000 and a useful life over two years are capitalized using the straight-line method of depreciation. Service lives range from five to twelve years.

Internal use software acquired for a value greater than \$5,000 is capitalized using the straight-line method with a service life of five years. Purchased commercial software which does not meet the capitalization criteria is expensed.

Accounts Payable and Accrued Liabilities

Liabilities Covered by Budgetary Resources represent liabilities funded by available budgetary resources, which include appropriated funds and reimbursable authority. Accounts payable and Accrued Benefits represent the amount of monies or other resources that are likely to be paid as the result of a transaction or event that has already occurred.

Liabilities Not Covered by Budgetary Resources exist when funding has not yet been made available through Congressional appropriations or reimbursable authority. The CPSC recognizes such liabilities for employee annual leave earned but not taken, and amounts billed by the Department of Labor for Federal Employee's Compensation Act (disability) payments. In addition, liabilities not covered by budgetary resources include liabilities resulting from the agency's custodial activity. See Note 5.

Accrued Leave

A liability for annual leave is accrued as leave is earned and paid when leave is taken. At year-end, the balance in the accrued annual leave account is adjusted to reflect the liability at current pay rates and leave balances. Accrued annual leave is reflected as a liability that is not covered by current budgetary resources. Sick leave and other leave are expensed as taken.

Retirement Plans and Other Benefits

Federal Employee benefits consist of the actuarial portions of future benefits earned by Federal employees, but not yet due and payable. These costs include pensions, other retirement benefits, and other post-employment benefits. These benefits are administered by the Office of Personnel Management (OPM) not CPSC. Since CPSC does not administer the benefit plans, the CPSC does not recognize any liability on the Balance Sheet for pensions, and other retirement benefits. CPSC does, however, recognize the imputed costs related to these benefits on the Balance Sheet, the Statement of Net Cost, and the Statement of Financing.

CPSC employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). Employees hired after December 31, 1983, are covered by FERS and Social Security, while employees hired prior to January 1, 1984, elected to either join FERS or remain in the CSRS. Under CSRS, CPSC makes matching contributions equal to 7 percent of the employee's gross earnings to the CSRS Retirement and Disability Fund. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA) for which the CPSC contributes a matching amount to the Social Security Administration. CPSC contributions are recognized as current operating expenses.

The Thrift Savings Plan (TSP) is a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participating employees may contribute up to \$15,500 for 2008 but do not receive a matching contribution from the CPSC. FERS participating employees may contribute up to \$15,500 for 2008. For FERS employees, the CPSC's automatic contribution is 1 percent of the employee's gross pay to the TSP. The CPSC matches dollar for dollar on the first 3 percent of basic pay for each pay period. Each dollar of the next 2 percent of basic pay is matched 50 cents on the dollar. CPSC contributions are recognized as current operating expenses.

Federal Employees' Compensation Act (FECA)

The CPSC records an estimated liability for future worker' compensation claims based on data provided from the Department of Labor (DOL).

Employee Health Benefits and Life Insurance

CPSC employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). The CPSC matches the employee contributions to each program to pay for current benefits.

Net Position

The CPSC's net position is composed of the following:

1. Unexpended appropriations include the amount of unobligated balances and undelivered orders. Unobligated balances are the amount of appropriations or other authority remaining after deducting the appropriation used and unpaid obligations.
2. Cumulative results of operations represent the net results of operations since inception, the cumulative amount of prior period adjustments, and the remaining book value of capitalized assets.

Revenues and Other Financing Sources

Exchange and Nonexchange revenue: Exchange revenue is the amount of money earned for goods and services provided to other agencies and the public. For example, reimbursable agreements are considered exchange revenue. Nonexchange revenue is assessed against manufacturers, retailers or distributors who violate the Consumer Product Safety Act, Federal Hazardous Substance Act, and the Flammable Fabrics Act. For example, collections of fines are nonexchange revenue. Other Financing sources are funding such as appropriations, where resources are received and nothing of value is given in return. Following are revenue and financing sources for CPSC with an indication of whether the revenue is exchange, nonexchange revenue, or a financing source:

Freedom of Information Act Collections (Exchange) – The CPSC charges a fee for the processing of Freedom of Information requests. The CPSC accounts for this exchange revenue as a custodial activity. FOIA fees are deposited in the U.S. Treasury and are not available for the CPSC to use.

Civil Penalty Collections (Non-Exchange) – The CPSC has authority to levy fines and penalties. The CPSC accounts for this exchange revenue as a custodial activity. Civil Penalty collections are deposited in the U.S. Treasury and are not available for the CPSC to use.

Reimbursable Work Agreements (Exchange) - The CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered. CPSC has reimbursable agreements which generated collections from trading partners totaling \$2.9 million in 2008. The CPSC's reimbursable agreements are with the following trading partners: the Center for Disease Control, National Institute for Occupational Safety and Health, Health and Human Services, Department of Transportation, and the Health Resources and Services Administration. The majority of these agreements are for CPSC to utilize its hospital reporting system to collect injury data.

Annual Appropriations (Financing Source) – The CPSC receives financing sources through direct appropriation from the general fund of the Treasury to support its operations. The annual appropriation available for 2008 was \$80,000,000.

Transactions with Related Parties

The CPSC has relationships and financial transactions with several government agencies. The more prominent of these relationships is the Center for Disease Control, the General Services Administration, Health and Human Services, and the Department of Interior among others. The CPSC recognizes reimbursable work agreement revenue when earned, i.e. goods have been delivered or services rendered.

Note 2 – Fund Balance with Treasury

Fiscal Year 2008

	Entity	Non-Entity	Total
General Funds	\$26,350,948		\$26,350,948
Miscellaneous Receipts		\$40,534	\$40,534
Fines and Penalties		\$3,558,418	\$3,558,418
Total	\$26,350,948	\$3,598,952	\$29,949,900

Status of Fund Balance with Treasury:

	Not Available	Obligated	Unobligated Available	Total
Entity	\$648,433	\$25,588,269	\$114,246	\$26,350,948
Non-Entity:				
Miscellaneous Receipts	\$40,534			\$40,534
Fines and Penalties	\$3,558,418			\$3,558,418
Total	\$4,247,385	\$25,588,269	\$114,246	\$29,949,900

The obligated balance includes accounts payable and undelivered orders, which have reduced unexpended appropriations but have not yet decreased the cash balance on hand.

Other Information: Miscellaneous Receipts and Fines and Penalty balances amounting to \$40,534 and \$3,558,418, respectively, are not available to CPSC activities and are classified as non-entity assets. A corresponding liability is also recorded on the balance sheet.

Note 3 – Accounts Receivable

The CPSC's entity receivable of \$2,376 is due from CPSC employees. This receivable is owed the Agency due to an unsettled debt upon the employee's departure. CPSC's non-entity receivables are composed of Civil Fines and Penalties and Freedom of Information Act activity. CPSC maintains these accounts in a custodial capacity.

Note 4 – Property, Plant & Equipment (PP&E)

Fiscal Year 2008

Classes of PP&E	Acquisition Cost	Accumulated Depreciation	Net Book Value	Service Life in Years
Equipment	\$6,048,626	(\$3,653,507)	\$2,395,119	5-12
ADP Software	\$901,506	(\$602,615)	\$298,891	5
Total	\$6,950,132	(\$4,256,122)	\$2,694,010	

Note 5 – Other Liabilities

Other liabilities are composed of receivables and collections for Civil Penalties and Fines, and Freedom of Information Act (FOIA) fees. These balances reflect Treasury's balance on the Government wide Accounting & Reporting, Report of Unavailable Receipt Transactions, as of 9-30-08. CPSC maintains these accounts in a custodial capacity.

Note 6 – Commitments and Contingencies

CPSC may face reasonably possible claims estimated at \$550,000 from 5 claims placed under the Federal Torts Claim Act and the Equal Employment Opportunity Act.

Note 7 – Analysis of Material Differences

	Budgetary Resources	Obligations Incurred	Net Outlays
Combined Statement of Budgetary Resources	\$84,850,341	\$84,087,662	\$66,712,375
Difference	\$0	\$0	\$40,534
SF 133, Report on Budget Execution and Budgetary Resources	\$84,850,341	\$84,087,662	\$66,752,909

CPSC does not have any material differences between the Statement of Budgetary Resources and SF 133 as of 9/30/2008. The \$40,534 represents the distributed offsetting receipts reported on the Combined Statement of Budgetary Resources but is not required to be reported on the SF 133.

Also, CPSC Balance Sheet, Statement of Net Cost, and Statement of Budgetary Resources do not have significant variances between the comparative periods FY 2007 and FY 2008.

Note 8 – Reconciliation of Net Cost of Operations to Budget

Resources Used to Finance Activities	2008	2007
Budgetary Resources Obligated		
Obligations incurred	\$ 84,087,662	\$66,358,481
Less: Collections	(2,861,433)	(3,443,244)
Less: Adjustment-downward	(1,379,620)	(755,024)
Obligations net of offsetting collections and recoveries	79,846,609	62,160,213
Less: Offsetting receipts	(40,534)	(20,318)
Net Obligations	79,806,075	62,139,895
Other Resources		
Obligations-Beginning of the Period	12,494,570	9,603,600
Imputed Financing Sources	3,024,280	3,267,210
Total Resources Used to Finance Activities	95,324,925	75,010,705
Resources Used to finance items not Part of the Net Cost of Operations		
Changes in Undelivered Orders	(23,077,533)	(10,479,891)
Other/Accrual/Accounts Payable prior year	(2,014,678)	(1,985,623)
Offsetting receipts	40,534	20,318
Resources that finance the acquisition of assets	1,914,959	(119,326)
Total resources used to finance items not part of the net cost of operations	(23,136,718)	(12,564,522)
Total Resources Used to Finance the Net Cost of Operations	\$72,188,207	\$ 62,446,183
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring Resources in Future Periods:		
Actuarial Federal Employees' Compensation Act Liabilities	361,600	395,468
Unfunded Annual Leave	3,653,789	3,332,347
Unemployment Insurance	5,167	(105)
Total components of Net Cost of Operations that will Require Resources in the Future Period	4,020,556	3,727,710
Components not Requiring or Generating Resources: Depreciation	(2,250,413)	399,478
Total Components of Net Cost of operations that will not Require or Generate Resources in the Current Period	1,770,143	4,127,188
Net Cost of Operations	\$ 73,958,350	\$ 66,573,371

REQUIRED SUPPLEMENTARY INFORMATION

Deferred Maintenance

CPSC does not have any items for which maintenance has been deferred.

Intragovernmental Amounts

See Note 2 on financial statements.

Statement of Budgetary Resources

The statement is prepared on a total Commission basis.

Statement of Custodial Activity

The Commission collects civil penalties and fines, Freedom of Information Act and miscellaneous collections, and Department of Justice fees.

Segment Information

CPSC does not have a franchise fund or other intragovernmental support revolving fund.

INSPECTOR GENERAL'S AUDIT REPORT OF 2008 FINANCIAL STATEMENTS

Consumer Product Safety Commission Audit of Financial Statements For Fiscal Year 2008

Summary: In accordance with the Accountability of Tax Dollars Act of 2002, we are responsible for conducting audits of the financial statements of the Consumer Product Safety Commission (CPSC). In our audits of the CPSC for fiscal years 2008 and 2007, we found

- the financial statements are presented fairly, in all material respects, in conformity with the U.S. generally accepted accounting principles,
- had effective internal control over financial reporting (including safeguarding assets) and compliance with laws and regulations,
- the Federal Financial System (FFS) substantially complied with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA) and
- no reportable noncompliance with laws and regulations we tested.

The following sections discuss in more detail (1) these conclusions, (2) our conclusions on Management's Discussion and Analysis, and other supplementary information, (3) our audit objectives, scope, and methodology, and (4) agency comments and our evaluation.

Opinion on Financial Statements: The financial statements, including the accompanying notes, present fairly, in all material respects, in conformity with U.S. generally accepted accounting principles, the Commission's assets, liabilities, net position, net costs, changes in net position, budgetary resources, and custodial activity for the years ended September 30, 2008 and 2007.

Opinion on Internal Control: The Commission maintained, in all material respects, effective internal control over financial reporting (including safeguarding assets) and compliance as of September 30, 2008 that provided reasonable assurance that misstatements, losses, or noncompliance material in relation to the financial statements would be prevented or detected on a timely basis. Our opinion is based on criteria established under 31 U.S.C. 3512 (c), (d); the *Federal Managers' Financial Integrity Act*; the Office of Management and Budget (OMB) Circular A-123, *Management Accountability and Control*, revised June 3, 2008; OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*; the Government Accountability Office (GAO), *Government Auditing Standards*; and the GAO/President's Council on Integrity and Efficiency (PCIE), *Financial Audit Manual*.

Compliance with Laws and Regulations: Our tests of the Commission's compliance with selected provisions of laws and regulations for fiscal year 2008 disclosed no instances of noncompliance that would be reportable under U.S. generally accepted government auditing standards or OMB audit guidance. However, the objective of our audit was not to provide an opinion on overall compliance with laws and regulations. Accordingly, we do not express such an opinion.

Consistency of Other Information: The Commission's Management Discussion and Analysis, required supplementary information, and other accompanying information contain a wide range of data, some of which are not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the Commission's officials. On the basis of this limited work, we found no material inconsistencies with the financial statements, U.S. generally accepted accounting principles, or OMB guidance.

Objectives, Scope, and Methodology: The Commission's management is responsible for (1) preparing the financial statements in conformity with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met, (3) ensuring that the Commission's financial management systems substantially comply with FFMIA requirements; and (4) complying with applicable laws and regulations.

We are responsible for obtaining reasonable assurance about whether (1) the Commission's financial statements are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles and (2) the Commission's management maintained effective internal control, the objectives of which are as follows:

- **Financial Reporting:** Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- **Compliance with laws and regulations:** Transactions are executed in accordance with (1) laws governing the use of budget authority, (2) other laws and regulations that could have a direct and material effect on the financial statements, and (3) any other laws, regulations, and government-wide policies identified by OMB audit guidance.

We are also responsible for (1) testing whether the Commission's financial management systems substantially comply with the three FFMIA requirements, (2) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and laws for which OMB audit guidance requires testing, and (3) performing limited procedures with respect to certain other information appearing in the Annual Financial Statement.

In order to fulfill these responsibilities, we

- examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

- assessed the accounting principles used and significant estimates made by management;
- evaluated the overall presentation of the financial statements;
- obtained an understanding of the entity and its operation, including its internal control related to financial reporting (including safeguarding assets), compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- tested relevant internal controls over financial reporting, and compliance, and evaluated the design and operating effectiveness of internal control;
- considered the design of the process for evaluating and reporting on internal control and financial management systems under the Federal Managers' Financial Integrity Act;
- tested whether the Commission's financial management systems substantially complied with the three FFMIA requirements; and
- tested compliance with selected provisions of the following laws and regulations: the Prompt Payment Act, the Anti-Deficiency Act, the Improper Payments Information Act of 2002, and Various Pay and Allowance Acts.

We did not evaluate all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

We did not test compliance with all laws and regulations applicable to the Commission. We limited our tests of compliance to selected provisions of laws and regulations that have a direct and material effect on the financial statements and those required by OMB audit guidance that we deemed applicable to the Commission's financial statements for the fiscal year ended September 30, 2008. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

We performed our audit in accordance with U.S. generally accepted government auditing standards and OMB audit guidance.

Agency Comments and Our Evaluation: In commenting on a draft of this report (see appendix 1), the Commission's management concurred with the facts and conclusions cited in our report.

Inspector General
U.S. Consumer Product Safety Commission
November 10, 2008

MANAGEMENT'S RESPONSE

**UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, DC 20207**

Memorandum

Date: November 10, 2008

TO : Christopher Dentel
Inspector General

THROUGH: Edward E. Quist *eeq*
Director
Office of Financial Management, Planning and Evaluation

FROM : Deborah Peebles Hodge *Dph*
Director
Division of Financial Services

SUBJECT : Audit of FY 2008 Financial Statements

The audit report prepared by the Office of the Inspector General regarding CPSC's Financial Statements for Fiscal Year 2008 has been reviewed by the Division of Financial Services. The Finance Division concurs with the findings and opinions expressed in the report.

MANAGEMENT REPRESENTATION

UNITED STATES
CONSUMER PRODUCT SAFETY COMMISSION
WASHINGTON, DC 20207

Memorandum

Date: October 22, 2008

TO : Christopher W. Dentel
Inspector General
Office of the Inspector General

THROUGH: Patricia M. Semple *PS*
Executive Director

FROM : Edward E. Quist, Chief Financial Officer, Office of Financial Management,
Planning and Evaluation *EEQ*
Deborah P. Hodge, Director, Division of Financial Services *dph*

SUBJECT : Fiscal Year 2008 Financial Statements – Management Representation

We are providing this letter in connection with your audit of the U.S. Consumer Product Safety Commission's (CPSC) balance sheet as of September 30, 2008 and 2007, and the related statements of net costs, changes in net position, budgetary resources, financing, and custodial activity, for the year then ended (hereinafter referred to as the "financial statements").

You conducted your audit to (1) express an opinion as to whether the financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, (2) express an opinion on CPSC's internal control over financial reporting and compliance with laws and regulations as of September 30, 2008, and (3) reporting whether the CPSC financial management systems substantially comply with federal financial management systems requirements, applicable federal accounting standards (generally accepted accounting principles), and the *U.S. Government Standard General Ledger* at the transaction level as of September 30, 2008, and (4) test for compliance with applicable laws and regulations.

Certain representations in this memorandum are described as being limited to matters that are material. For purposes of this memorandum, matters are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during the audit. These representations pertain to both years' financial statements (2007 and 2008), and update the representations we provided in the prior year.

CPSC Hotline: 1-800-638-CPSC (2772) | CPSC's Web Site: <http://www.cpsc.gov>

Presentation and Disclosure

1. We are responsible for the fair presentation of the financial statements and stewardship information in conformity with generally accepted accounting principles. We are also responsible for the preparation of the MD&A, and required supplementary information (RSI) and other supplementary information.
2. The financial statements are fairly presented in conformity with U.S. generally accepted accounting principles. The MD&A, RSI, and other supplementary information are fairly presented and are consistent with the financial statements.
3. We have made available to you all:
 - a. Financial records and related data;
 - b. Where applicable, minutes of meetings of the Commission or summaries of actions of recent meetings for which minutes have not been prepared; and
 - c. Any communications from the Office of Management and Budget (OMB) concerning noncompliance with or deficiencies in financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or disclosed in the notes to the financial statements.
5. There are no uncorrected financial misstatements as we have adjusted the financial statements for all known and likely misstatements you have informed us of.
6. The CPSC has satisfactory title to all owned assets. There are no liens or encumbrances on these assets and no assets have been pledged.
7. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities or that we are required to disclose in the financial statements.
8. There are no guarantees under which the CPSC is contingently liable that require reporting or disclosure in the financial statements.
9. Related party transactions including related accounts receivable or payable, revenues, expenditures, loans, transfers, leasing arrangements, assessments, and guarantees have been properly recorded and disclosed in the financial statements.
10. No material events or transactions have occurred subsequent to September 30, 2008, that have not been properly recorded in the financial statements or disclosed in the notes.

Intra-Governmental Activities

11. All intra-entity transactions and balances have been appropriately identified and eliminated for financial reporting purposes. All intra-governmental transactions and balances have been appropriately identified, recorded, reported, and disclosed in the financial statements. We have reconciled material intra-governmental transactions and balances with the federal entity providing the goods or services.

Internal Control

12. We are responsible for establishing and maintaining a system of internal control.
13. Pursuant to 31 U.S.C. 3512 (c), (d) (commonly known as the Federal Managers' Integrity Act), we have assessed the effectiveness of the CPSC's internal control in achieving the following objectives:
 - a. Reliability of financial reporting: Transactions are properly recorded, processed, and summarized to permit the preparation of the financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
 - b. Compliance with applicable laws and regulations: Transactions are executed in accordance with laws governing the use of budget authority; other laws and regulations that could have a direct and material effect on the financial statements, and any other laws and regulations identified in OMB audit guidance.
14. Those controls in place on September 30, 2008, provided reasonable assurance that the foregoing objectives are met.
15. We have disclosed to you all significant deficiencies in the design or operation of internal control that could adversely affect the CPSC's ability to meet the internal control objectives and identified those we believe to be material weaknesses.
16. There have been no changes to internal controls subsequent to September 30, 2008, or other factors that might significantly affect the effectiveness of internal control.

Fraud

17. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud (intentional misstatements or omissions of amounts or disclosures in financial statements or misappropriation of assets that could have a material effect on the financial statements).

18. We have no knowledge of any fraud or suspected fraud affecting the CPSC involving:
 - a. Management;
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the CPSC received in communications from employees, former employees, or others.
20. We are responsible for implementing and maintaining financial management systems that comply substantially with federal financial management systems requirements, federal accounting standards (generally accepted accounting principles), and the *U.S. Government Standard General Ledger* at the transaction level.
21. We have assessed the financial management systems to determine whether they comply substantially with these federal financial management systems requirements. Our assessment was based on guidance issued by OMB.
22. The financial management systems complied substantially with federal financial management systems requirements, federal accounting standards, and the *U.S. Government Standard General Ledger* at the transaction level as of September 30, 2008.

Laws and Regulations

23. We are responsible for CPSC's compliance with applicable laws and regulations.
24. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts.
25. There are no:
 - a. Possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency;
 - b. Material liabilities or gain or loss contingencies that are required to be accrued or disclosed that have not been accrued or disclosed; or
 - c. Unasserted claims or assessments that are probable of assertion and must be disclosed that have not been disclosed.
26. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

27. We are not aware of any violations of the Antideficiency Act that we must report to the Congress and the President (and provide a copy of the report to the Comptroller General) for the year ended September 30, 2008, and through the date of this letter.

Budgetary and Restricted Funds

28. The information presented in the CPSC *Statement of Budgetary Resources* agrees with information submitted in CPSC's year-end *Reports on Budget Execution and Budgetary Resources* (SF-133s). The information will be used as input for fiscal year 2008 actual column of the *Program and Financing Schedules* reported in the fiscal year 2010 *Budget of the U.S. Government*. This information is supported by the related financial records and data.

29. We have disclosed in the financial statements all material earmarked funds¹ as defined by FASAB SFFAS No. #27 and all material restricted funds.

Finally, we have no unadjusted misstatements to report.

¹ SFFAS No. 27 does not use the term 'earmarked' as it is sometimes used to refer to set-asides of appropriations for specific purposes.

LEGAL REPRESENTATION**U.S. CONSUMER PRODUCT SAFETY COMMISSION
BETHESDA, MARYLAND 20814**Cheryl A. Falvey
General CounselTel: 301-504-7642
Fax: 301-504-0403
E-Mail: cfalvey@cpsc.gov

September 17, 2008

LeeAnn Murphy
Auditor
Consumer Product Safety Commission
Bethesda, MD 20814**Subject: Legal Response in Connection with the Fiscal Year 2008
Financial Statement of the Consumer Product Safety Commission**

Dear Ms. Murphy:

As General Counsel of the Consumer Product Safety Commission (CPSC), I am writing in response to the letter request from Christopher W. Dentel, Inspector General dated August 15, 2008 in connection with the audit of CPSC's financial statements as of and for the fiscal year ending September 30, 2008.

I call your attention to the fact that as General Counsel for CPSC, I have general supervision of CPSC's legal affairs, which include but are not limited to responsibility for the conduct of all Federal court litigation to which the Commission is a party. I also have authority on administrative litigation matters. In such capacity, I have reviewed litigation and claims threatened or asserted involving CPSC and have consulted with outside legal counsel about them when I deemed appropriate.

Subject to the foregoing and to the last paragraph of this letter, I advise you that since October 1, 2007 neither I, nor any of the lawyers over whom I exercise general legal supervision, have given substantive attention to, or represented CPSC in connection with any loss contingencies coming within scope of clause (a) of Paragraph 5 of the Statement of Policy referred to in the last paragraph of this letter, except as follows:

Pending or Threatened Litigation (excluding unasserted claims)

There are eleven pending litigation actions. See the attached Department of Justice forms.

CPSC Hotline: 1-800-638-CPSC (2772) H CPSC's Web Site: <http://www.cpsc.gov>

Page 2

With respect to matters that have been specifically identified as contemplated by clauses (b) or (c) of paragraph 5 of the ABA Statement of Policy, I advise you, subject to the last paragraph of this letter as follows:

Unasserted Claims and Assessments

There are two unasserted claims. See the attached Department of Justice form.

The information set forth herein is as of the date of this letter, the date on which we commenced our internal review procedures for purposes of preparing this response, except as otherwise noted. I disclaim any undertaking to advise you of changes that, thereafter, may be brought to my attention or the attention of our lawyers over whom I exercise general legal supervision.

This response is limited by, and in accordance with the *ABA Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information* (December 1975); without limiting the generality of the foregoing, the limitations set forth in such statement on the scope and use of this response (Paragraphs 2 and 7) are specifically incorporated herein by reference, and any description herein of any "loss contingencies" is qualified in its entirety by Paragraph 5 of the statement and the accompanying commentary (which is an integral part of the statement). Consistent with the last sentence of Paragraph 6 of the ABA Statement of Policy, this will confirm as correct CPSC's understanding that whenever, in the course of performing legal service for CPSC with respect to a matter recognized to involve an unasserted possible claim or assessment that may call for financial statement disclosure, I have formed a professional conclusion that the entity must disclose or consider concerning such possible claim or assessment, I, as a matter of professional responsibility to CPSC, will so advise CPSC and will consult with CPSC concerning the question of such disclosure and the applicable requirements of Statement of Federal Financial Accounting Standards (SFFAS) Number 5, *Accounting for Liabilities of the Federal Government*, as amended by SFFAS Number 12, and Interpretation Number 2 of SFFAS Numbers 4 and 5.

Sincerely,



Cheryl A. Falvey
General Counsel

cc: Christopher W. Dentel
Inspector General

PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. Case name. (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v Nancy A. Nord, Chair, Consumer Product Safety Commission. EEOC No. 531-2008-002084; Agency No. CPSC-EEO-07-11

2. Nature of matter. (Include a description of the case or cases and amount claimed, if specified.)

Complaint filed at the Equal Employment Opportunity Commission alleging that CPSC discriminated on the basis of sex and national origin.

3. Progress of the case.

Settlement attempts were unsuccessful. Will complete discovery by 9/24/08.

4. The government's response or planned response. (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. An evaluation of the likelihood of unfavorable outcome. (Choose one.)
(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. An estimate of the amount or range of potential loss (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. The name and phone number of the government attorney handling the case (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

Alice O'Brien (301) 504-6942 (CPSC Attorney)

Margaret Plank (301) 504-7627 (CPSC Attorney)

PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

NRDC v CPSC Civ.Action No. 08-1312

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

FOIA lawsuit seeking disclosure of documents

3. **Progress of the case.**

Process request.

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)
(Redacted due to pending litigation.)

___ PROBABLE - An unfavorable outcome is likely to occur.

___ REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

___ REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

Melissa Hampshire 301-504-7631

Heather Graham Oliver 202-305-1334

PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, MSPB No. DC-0731-08-0563-I-1

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

Job applicant appeals from Agency decision to withdraw offer of employment. Seeks reinstatement of offer, backpay and benefits, and attorney's fees.

3. **Progress of the case.**

Order dismissing case for lack of jurisdiction on appeal to Merit Systems Protection Board.

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)
(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

Margaret Plank, Office of General Counsel, CPSC, (301) 504-7627

PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. Case name. (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, MSPB No. DC-0752-08-0670-I-1

2. Nature of matter. (Include a description of the case or cases and amount claimed, if specified.)

Employee appeal of 30-day suspension; she seeks expungement of record and backpay.

3. Progress of the case.

(Redacted)

4. The government's response or planned response. (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. An evaluation of the likelihood of unfavorable outcome. (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. An estimate of the amount or range of potential loss (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. The name and phone number of the government attorney handling the case (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, EEOC No. 531-2008-00208X

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

Employee alleges ongoing harassment resulting in constructive discharge during her probationary period caused by discrimination based on national origin.

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)
(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

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REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

Ceasar v. CPSC, C.A. 07-CV-0641 (D.Md.)

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

Employee alleges discrimination based on race, sex, and reprisal for prior EEO activity in non-selection for supervisory position. Seeks retroactive promotion, backpay, unspecified compensatory damages (Agency has fewer than 500 employees; damages capped at \$200,000), and attorney's fees.

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, EEO No. 531-2007-00239X

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

Employee claims that non-selection for position with greater promotion potential reflected discrimination based on sex, age, and disability, and reprisal for participation in EEO process; employee also asserts claim under the Equal Pay Act. Seeks grade increase, back pay and unspecified compensatory damages (Agency has fewer than 500 employees; damages capped at \$200,000)

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, EEO No. 531-2006-00165X; EEO App. No. 0120073190

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

Employee claims that reassignment to accommodate disability reflected discrimination and reprisal for participation in EEO process. Seeks reinstatement in prior position and unspecified compensatory damages (Agency has fewer than 500 employees; damages capped at \$200,000)

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

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(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, MSPB No. AT-3443-07-0580

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

30% disabled 10-point preference eligible veteran claims CPSC violated the Uniformed Services Employment and Reemployment Rights Act when it did not select him to fill a position vacancy in 2006. Seeks appointment to the position and back pay.

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, MSPB No. AT-3443-07-0398

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

30% disabled 10-point preference eligible veteran claims CPSC violated the Veterans Employment Opportunities Act when it did not select him to fill a position vacancy in 2006. Seeks appointment to the position and back pay.

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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PENDING OR THREATENED LITIGATION**AGENCY: Consumer Product Safety Commission**

**Amount of potential loss exceeds
the agency/component materiality
threshold of: \$100.00**

1. **Case name.** (Include case citation, case number, and other names by which the case or group of cases is commonly known.)

(Redacted) v. CPSC, MSPB No. AT-05-3443-0147 and 0179

2. **Nature of matter.** (Include a description of the case or cases and amount claimed, if specified.)

30% disabled 10-point preference eligible veteran claims CPSC violated the Veterans Employment Opportunities Act and Uniformed Services Employment and Reemployment Rights Act when it did not select him to fill a position vacancy in 2004. Seeks appointment to the position and back pay.

3. **Progress of the case.**

(Redacted)

4. **The government's response or planned response.** (For example, to contest the case vigorously or to seek an out-of-court settlement.)

(Redacted)

5. **An evaluation of the likelihood of unfavorable outcome.** (Choose one.)

(Redacted due to pending litigation.)

PROBABLE - An unfavorable outcome is likely to occur.

REASONABLY POSSIBLE - the chance of an unfavorable outcome is less than probable but more than remote.

REMOTE - the chance of an unfavorable outcome is slight.

6. **An estimate of the amount or range of potential loss** (if one can be made, for losses considered to be probable or reasonably possible).

(Redacted)

7. **The name and phone number of the government attorney handling the case** (and names and phone numbers of any outside legal counsel/other lawyers representing or advising the government in the matter.)

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UNASSERTED CLAIMS AND ASSESSMENTS

AGENCY/COMPONENT: United States Consumer Product Safety Commission

AGENCY'S MATERIALITY LEVEL FOR REPORTING: \$100

1. **Name of Matter.** *(Include name by which the matter is commonly known.)*

(Redacted) v. CPSC

2. **Nature of the Matter.** *(Include a description of the matter.)*

Applicant for position vacancy asserts that Agency withdrawal of tentative offer was based on race.

3. **The Government's Planned Response** *(if the claim is asserted).*

Agency will contest vigorously.

4. **An Evaluation of the likelihood of Unfavorable Outcome.** *(Choose one.)*

(Redacted due to pending litigation.)

PROBABLE (An unfavorable outcome is likely to occur.)

REASONABLY POSSIBLE (The chance of an unfavorable outcome is less than probable but more than remote.)

5. **An Estimate of the Amount or Range of Potential Loss.** *(For probable and reasonably possible complete one.) (Redacted due to pending litigation.)*

Estimated amount of potential loss: \$ _____

Estimated range of potential loss: \$ _____

Estimated amount or range of potential loss is unknown: _____

6. **The Name and Phone Number of the Agency and DOJ Attorneys Handling the Case**

(Also include any outside legal counsel/other lawyers representing or advising the government in the matter).

Margaret Plank, Office of General Counsel, CPSC, (301) 504-7627

7. **The Sequence Number** *(Based on the total number of Unasserted Claims and Assessments your agency/component is submitting. e.g. Number 1 of 2).*

(#) (total)

UNASSERTED CLAIMS AND ASSESSMENTS

AGENCY/COMPONENT: United States Consumer Product Safety Commission

AGENCY'S MATERIALITY LEVEL FOR REPORTING: \$100

1. Name of Matter. *(Include name by which the matter is commonly known.)*

(Redacted) v. CPSC

2. Nature of the Matter. *(Include a description of the matter.)*

Employee alleges ongoing harassment resulting in lost career advancement opportunities caused by discrimination based on race and gender, as well as reprisal for prior EEO activity

3. The Government's Planned Response *(if the claim is asserted).*

Agency will contest vigorously.

4. An Evaluation of the likelihood of Unfavorable Outcome. *(Choose one.)*

(Redacted due to pending litigation.)

PROBABLE *(An unfavorable outcome is likely to occur.)*

REASONABLY POSSIBLE *(The chance of an unfavorable outcome is less than probable but more than remote.)*

5. An Estimate of the Amount or Range of Potential Loss. *(For probable and reasonably possible complete one.)* (Redacted due to pending litigation.)

Estimated amount of potential loss: \$ _____

Estimated range of potential loss: \$ _____

Estimated amount or range of potential loss is unknown: _____

6. The Name and Phone Number of the Agency and DOJ Attorneys Handling the Case *(Also include any outside legal counsel/other lawyers representing or advising the government in the matter).*

Margaret Plank, Office of General Counsel, CPSC, (301) 504-7627

7. The Sequence Number *(Based on the total number of Unasserted Claims and Assessments your agency/component is submitting. e.g. Number 1 of 2).*

(#) (total)

INSPECTOR GENERAL'S SUMMARY OF MANAGEMENT CHALLENGES

The Reports Consolidation Act requires that the Office of the Inspector General identify the most serious management and performance challenges facing the agency and the agency's progress towards meeting these challenges. The Inspector General concludes that the most serious management and performance challenges to the Commission are in the following areas:

- Implementation of Consumer Product Safety Improvement Act of 2008
- Management of Human Capital
- Information Technology and Protection of Personally Identifiable Information

Implementation of Consumer Product Safety Improvement Act of 2008: The Consumer Product Safety Improvement Act (CPSIA) both expands the authority and the responsibilities assigned to the CPSC. The legislation requires various capital improvements, increases consumer access to information about hazardous products, and encourages information sharing among local and federal agencies. The law requires the CPSC to create a publicly accessible database of harms related to the use of consumer products that are reported by consumers, government agencies, health care professionals, and other non-governmental sources. The bill enhances the Commission's ability to monitor imported consumer products and its recall authority, makes rulemaking at the CPSC more efficient, and requires manufacturers of children's products to place tracking information on all of their products. It mandates third-party testing of children's products by certified labs to ensure that they meet applicable standards and makes mandatory toy safety standards that are currently voluntary. The bill increases civil penalties for violators of the Consumer Product Safety Act from \$1.8 million to \$15 million. The legislation also bans paint and children's products that contain more than a minimal amount of lead or phthalates (a substance added to plastic to make it more flexible) and expands the definition of children's products to include all goods that are primarily intended for youths of 12 years of age and under.

In order to provide the resources necessary to meet these new responsibilities and to enforce the newly created requirements, it authorizes increased funding levels for the CPSC annually culminating in an authorization level of \$136 million in FY2014. However, there is no guarantee that the funds authorized will ever actually be appropriated. This puts the agency in a position where its new responsibilities are in large measure fixed¹, but the level of resources it will have to draw on to meet these responsibilities is unknown. This situation is exacerbated by the likelihood that the agency, along with the rest of the Federal Government, will be forced to deal with a continuing resolution next year if no budget has been approved.

The CPSC has also already begun reorganizing itself in order to better meet the challenges contemplated by the CPSIA. An Import Surveillance Division has been created to allow for a more focused emphasis on dealing with import related issues. Similarly, to more efficiently deal with the legal workload generated by the CPSIA the Office of General Counsel has been reorganized and expanded to now include all staff attorneys assigned to the agency.

¹ Some, but not all, of the new requirements are predicated on Congress appropriating adequate funding.

In order to better leverage the resources available to it, the CPSC has begun working with U.S. Customs and Border Protection to make both routine and targeted surveillance and sampling of products at U.S. ports of entry. The CPSC participates in the Automated Commercial Environment (ACE). This new processing system facilitates the efficient collection and analysis of records of incoming consumer products to identify likely shipments for inspection. The CPSC's plan for better dealing with imported consumer products also involves making a major emphasis on working with foreign manufacturers to establish product safety systems as an integral part of their manufacturing process. The final portion of the plan involves continuing to build a formal relationship with the CPSC's counterpart in China, the General Administration of Quality Supervision, Inspection and Quarantine, and generally expanding upon and establishing additional dialogues and initiatives with the Chinese government. It is still too early to say if this approach will ultimately prove to be effective. After the plan has had adequate time to demonstrate its effectiveness, and as resources allow, my office will audit both individual components of this plan and the overall effectiveness of the plan.

Management of Human Capital: These challenges include coping with the increasing number of federal employees who will become eligible to retire over the next several years; utilizing the right mix of training and recruiting to ensure that the agency workforce has the optimum skills to perform its duties and is sufficiently diverse to represent the citizens it serves; and ensuring that its employees are held accountable for living up to the public trust placed in them by the citizens of the United States. These challenges, which are largely ubiquitous to Federal agencies, are exacerbated by the CPSC's need to expand the size of its work force dramatically to meet the requirements set out in the CPSIA.

In the recent past, the CPSC conducted several retirement incentive programs, a major reorganization, and reduced the square footage of office space it leased. These actions were designed to reduce staff and related administrative and payroll expenses while reshaping the workforce to better deal with the limited resources available. At the time these actions were taken, the agency anticipated facing both short and long term organizational and personnel challenges created by further reductions in funding and staff. Instead, the agency now finds itself facing both a probable increase in funding and an increased emphasis on dealing with imported consumer goods.

Recruiting efforts have been increased in order to hire the new employees contemplated under the CPSIA. Additionally, in order to meet the challenges detailed above, the CPSC has begun to implement a series of surveys designed to identify individual training needs and initiated the performance of skills gaps analyses to aid in the development of core competencies and training plans for mission critical occupations. In FY 09 the CPSC will be implementing a Human Capital accountability system to ensure that human capital is managed effectively, efficiently, and in accordance with merit system principles.

Information Technology and the Protection of Personally Identifiable Information: Recent losses of Personally Identifiable Information by Federal agencies have highlighted the importance of protecting such information. The increased use of the Internet (the CPSC's

finance and personnel systems are both Internet based), coupled with dramatic expansion in computer interconnectivity, has changed the ways that the government, the nation, and much of the world communicates and conducts business. Without adequate safeguards, computer-supported CPSC operations could be at enormous risk of individuals and groups with malicious intent intruding into systems. This access could allow intruders to launch attacks against other computer networks and systems, disrupt operations, commit fraud, or obtain sensitive information.

The Federal Information Security Management Act (FISMA) was put in place to ensure agencies meet consistent standards for security requirements for information and information systems. The National Institute of Standards and Technology (NIST) defines these standards and the Office of Management and Budget (OMB) oversees their implementation. In the past year, new and substantially more robust security requirements have been mandated by NIST.

Independently of the FISMA process, OMB has spearheaded ongoing efforts by the Federal Government to ensure that agencies protect personally identifiable information – including names, Social Security numbers, and addresses. OMB has requested that Inspectors General ensure compliance with these standards as well as those promulgated under the FISMA regulatory framework.

An evaluation of the CPSC's Information System Security Program was recently performed to meet the requirements of FISMA, and to determine whether timely and appropriate corrective actions had been taken to correct the material weaknesses identified during prior reviews. The evaluation found that, as in past years, improvements had been made and that security had improved. However, like many other agencies caught between limited budgets and the new security system requirements promulgated by NIST and OMB, the CPSC currently finds itself in a position where it is impossible for it to accomplish all of the new security requirements by their implementation target dates. In this environment, the CPSC is forced to make choices regarding which new requirements to meet in the current fiscal year and which to defer until more resources are available.

Although substantial improvements have been made, much work remains to be done. Some of these improvements are within the control of the agency, for example, there is no agency wide security configuration policy. Other areas are outside the direct control of the agency. For example, the GSA has not yet made available the identification cards that are essential to the implementation of a two factor authentication process to control the remote access to the CPSC's IT system.

The challenge facing the CPSC regarding protection of personally identifiable information and other sensitive data is even more pronounced. Although the majority of the challenges facing the agency regarding information system security may be addressed through technical improvements, the issues regarding personally identifiable information are more complex and will require the adoption of new policies and methodologies in the management of the agency. This area in particular has been subject to numerous new statutory and regulatory requirements (recent guidance has called for implementation plans to eliminate unnecessary use of Social Security Numbers and review and reduce the agency's holdings of personally identifiable

information.) Although much progress has been made in this area in terms of policy creation, much work must be done before these policies will be adequately implemented and effective.

For example, the CPSC has developed a mandatory training policy to attempt to ensure that all personnel (employees, contractors, etc.) with access to Federal data are generally familiar with information privacy laws, regulations and policies, and understand the ramifications of inappropriate access and disclosure. The training was prepared and made available to employees in a timely fashion, however, this program lacks adequate controls to verify whether or not employees actually took the training.

The CPSC has a policy in place that requires managers and supervisors to provide job-specific privacy training for all employees and contractors who in the course of their duties work with systems (in any medium) containing personally identifiable information. There has been no review and verification that System Owners and CPSC managers and supervisors are actually providing this training and much anecdotal evidence that would suggest that they are not.

Similarly, although there is an agency policy requiring agency managers and supervisors to review the internal controls relied upon to provide information security, this requirement has not been adequately publicized, managers have not received training in its implementation, and this internal control is not certified in the agency's annual letters of assurance.

The most recent compliance review of agency privacy policies and practices took place in FY 07, in accordance with OMB Memorandum M-06-15. Although the majority of the weaknesses identified in that review have been or are being addressed, no additional reviews have taken place so the agency lacks adequate benchmarks to assess the effectiveness of its privacy policies and practices.

SUMMARY OF 2008 FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Table 1: Summary of Financial Statement Audit

Audit Opinion	Unqualified				
Restatement	No				
	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Material Weaknesses	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances
Effectiveness of Internal Control Over Financial Reporting (FMFIA Para.2)

Statement of Assurance	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control Over Operations (FMFIA Para.2)

Statement of Assurance	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA Para.4)

Statement of Assurance	Systems conform to financial management system requirements					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

ACRONYMS

AARP	American Association of Retired Persons
AFCI	Arc-Fault Circuit Interrupter
ANPR	Advance Notice of Proposed Rulemaking
ASTM	ASTM International, formerly American Society for Testing and Materials
AQSIQ	Administration for Quality Supervision, Inspection, and Quarantine
ATV	All-terrain vehicle
BCP	Business Continuity Plan
CDC	Centers for Disease Control and Prevention
CO	Carbon Monoxide
CPSC	Consumer Product Safety Commission
CPSIA	Consumer Product Safety Improvement Act
FAIR	Federal Activities Inventory Reform
FISMA	Federal Information Security Management Act
FFS	Federal Financial System
FHSA	Federal Hazardous Substances Act
FOIA	Freedom of Information Act
FTE	Full-time equivalent
GFCI	Ground Fault Circuit Interrupter
ICCVAM	Interagency Coordination Committee on the Validation of Alternative Methods
ICD	International Classification of Diseases
IEEE	Institute of Electrical and Electronic Engineering
NEC	National Electric Code
NEISS	National Electronic Injury Surveillance System
NFIRS	National Fire Incident Reporting System
NIST	National Institute of Standards and Technology
NSN	Neighborhood Safety Network
NPR	Notice of Proposed Rulemaking
OMB	Office of Management and Budget
PART	Program Assessment Rating Tool
PMA	President's Management Agenda
PPPA	Poison Prevention Packaging Act
SNL	Sandia National Laboratories
UL	Underwriters Laboratories, Inc.
USFA	United States Fire Administration
VNR	Video News Release
2008	Years mentioned refer to fiscal years except for deaths, injuries and associated property losses which are on a calendar year basis.



U.S. CONSUMER PRODUCT SAFETY COMMISSION
BETHESDA, MARYLAND 20814