



U.S. Consumer Product Safety Commission



TESTIMONY OF THE HONORABLE NANCY A. NORD ACTING CHAIRMAN

**SUBMITTED TO
THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON FINANCIAL SERVICES**

February 28, 2007

Saving Lives and Keeping Families Safe

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

Mr. Chairman, Congressman Regula, distinguished members of the Subcommittee:

Thank you for this opportunity to present to you the appropriation request for the U.S. Consumer Product Safety Commission (CPSC) for Fiscal Year 2008 and to give you an overview of the agency.

The CPSC is an independent, bipartisan federal commission established by Congress and charged with protecting the public from unreasonable risks of injury and death associated with more than 15,000 types of consumer products under the agency's jurisdiction.

We accomplish this by enforcing the following statutes: The Consumer Product Safety Act, the Federal Hazardous Substances

Act, the Flammable Fabrics Act, the Poison Prevention Packaging Act, and the Refrigerator Safety Act.

To carry-out the various missions these statutes mandate, the CPSC appropriation request for Fiscal Year 2008 is \$63,250,000, or an increase of \$880,000 over the requested Fiscal Year 2007 funding level. This request will support a staff level of 401 full-time equivalent (FTE) positions, an estimated reduction of 19 FTEs over 2007. While this reduction will be necessary to accommodate automatic salary and budget increases and other critical needs, the Commission has been and will continue to be aggressive in maximizing efficiencies and leveraging our resources to carry out our mission at this funding level.

I am proud of what the agency has accomplished and of the many fine professionals at the CPSC who work to keep hazardous products off the market. The staff at the CPSC is talented,

resourceful and absolutely committed to what they do, and I am pleased and proud to serve the American people with them.

Since its inception in 1973, CPSC's work has contributed substantially to the decline in the rates of death and injury related to the use of consumer products. We estimate that overall, injuries and deaths associated with the use of products under our jurisdiction have declined by almost one-third since the agency's inception. Since 1973, these reductions include:

- A 45 percent reduction in consumer-related residential fire deaths;
- An 89 percent reduction in crib-related deaths;
- A 74 percent reduction in product-related electrocutions;
- A 47 percent reduction in consumer-related carbon monoxide deaths; and

- An 82 percent reduction in poisoning deaths of children from drugs and household chemicals.

These are absolute reductions—when the increase in the U.S. population is considered, the rate of these and many other categories of product-related injuries we have targeted have declined even more substantially.

While we are proud of these and the agency's many other achievements over the years, there is still much work to be done.

Ever more technologically complex products, like those utilizing nano materials, and an unprecedented surge of imports (especially from China) continue to present the agency with new challenges.

Consumer safety is never a completed task but always an ongoing process of research, standards development, enforcement and public education.

The CPSC has three main missions:

1. To identify existing and emerging product hazards that create an unreasonable risk of injury and to address those hazards by developing mandatory safety standards when consensus standards fail to do so, through our Office of Hazard Identification and Reduction;
2. To conduct product recalls and to investigate and respond to product-related incidents, through our Office of Compliance and Field Operations; and
3. To alert and educate consumers about product-related safety issues, through our Office of Information and Public Affairs.

I will explain each of these in a bit more detail.

Standards Activities:

In the United States, there is a very well established and vibrant system of voluntary—or what we prefer to call consensus—product safety standards. Under the guidance of groups like the American National Standards Institute, ASTM International, and Underwriters Laboratories, who work to bring all stakeholders into the process, literally thousands of such product safety standards have been written and are continuously being revised. These standards cover everything from the wiring in your toaster to the performance of baby walkers.

Thus, when Congress created the CPSC, there was a strong preference in our statutes for deference to such consensus standards over the promulgation of mandatory CPSC-drafted regulations. Indeed, CPSC staff serves on many of the

committees and participate in writing these standards and routinely contribute to many more.

This system has worked well, and most U.S. product manufacturers adhere to these standards. However, in those instances where we find that consensus standards do not exist or are not adequate to address a risk, the Commission will initiate rulemaking to develop a mandatory product safety standard. At the current time we have 14 rulemakings underway to address risks of injury ranging from lead in children's jewelry to all-terrain vehicles (ATV's).

Product Recalls:

Recalls occur for products that contain a defect that poses a substantial product hazard or for products that violate CPSC-issued mandatory safety regulations.

In Fiscal Year 2006, the CPSC announced 471 product recalls (representing over 120 million individual products), an all-time record for the agency. These recalls represented a wide range of consumer products and product hazards. Two-thirds of these recalls were of imported products, primarily from China.

Products that may be subject to a recall are identified through company reports, reports from consumers and through our own investigations. The staff then analyzes the incident data to determine whether a recall or other corrective action is warranted.

In addition to monitoring compliance with safety standards by conducting field inspections of manufacturing facilities and distribution centers, CPSC staff also conducts surveillance in retail establishments and via the Internet to assure ourselves that recalls have been effective in getting defective products off retail shelves.

Finally, because most of our recalls involve imported products, we undertake both routine and targeted surveillance and sampling of imported products at U.S. ports of entry, working in conjunction with the Bureau of Customs and Border Protection.

Information and Education:

Recalls are announced and other important product safety information is disseminated through all forms of media to warn the public of specific product hazards and advise consumers on more general product use issues.

In addition, the agency maintains three websites that give consumers and others access to all manner of product safety information. Those sites are: www.cpsc.gov, www.recalls.gov, and our newest website, www.atvsafety.gov, which is part of a very significant information and education campaign now

underway to advise consumers about a number of ATV safety issues. Visits to CPSC's websites have grown rapidly over the past few years from 200,000 in 1997 to over 20 million last year.

In an effort to communicate with hard to reach populations, the CPSC initiated the Neighborhood Safety Network, a grassroots outreach program that provides timely lifesaving information to 5,000 organizations and individuals who in turn share our safety message with hard-to-target consumers.

Our outreach efforts include making our product safety information available in Spanish. In fact, the CPSC maintains a Spanish language website. We are also active in signing up Hispanic groups to our Neighborhood Safety Network and reaching out through Spanish language media outlets like Telemundo and Univision.

Our staff is also able to reach out to consumers to warn of emerging hazards or when emergencies strike. For example, in response to the devastating hurricanes along our nation's Gulf Coast, the CPSC partnered with the Florida, Mississippi, Alabama and Louisiana Departments of Health, federal disaster agencies, the Red Cross and local emergency management agencies. We warned residents of the carbon monoxide hazards associated with improper portable generator use and also the dangers that consumers may encounter when returning to their property, including electrical, gas and standing water hazards.

Information Technology and Data Collection:

All of these activities require collecting reliable data on product-related incidents and issues. And the CPSC collects a lot of data, most notably through our National Electronic Injury Surveillance System, or NEISS. NEISS is a statistical hospital-based product

injury reporting system widely regarded as the best such system in the world, and which the Centers for Disease Control and Prevention and many other federal, state, local, and even international government agencies rely upon to carry out their missions. We also collect data through our website, www.cpsc.gov, our consumer hotline, medical examiner and coroner reports, and a variety of media source reports.

Manufacturers and retailers are also required to report to us on certain product-related incidents.

Obviously, CPSC's IT systems are central to the agency's safety mission. To keep existing systems operating and current, we are reallocating funds in this budget to maintain, and where necessary replace, aging network infrastructure and security features.

This reallocation will help the CPSC in collecting the quality data that is essential to the agency's mission and that facilitates the

early identification of product hazards. Quality data is critical to the agency's decision-making process as it relates to voluntary standards development, compliance, consumer education, product labeling, and rulemaking initiatives.

International Activities:

Two-thirds of our recalled products are imports, and two-thirds of those come from China. Recognizing the continuous and significant increase in the number of imported consumer products entering the American marketplace, CPSC established the Office of International Programs and Intergovernmental Affairs to provide a comprehensive and coordinated effort to ensure greater import compliance with recognized American safety standards.

The CPSC is determined to make certain that imports meet the same high safety standards that products manufactured in America must meet.

However, we have found that many overseas manufacturers, particularly those from the developing world, are either ignorant of existing consensus and CPSC mandatory standards or simply choose not to design and manufacture their products to those standards. While a violation of a consensus standard does not, in itself, indicate a product is unsafe, the growing number of imported products that do not meet voluntary standards has strained our resources and challenged us to find new ways to work to ensure the safety of products in the stream of commerce.

To address the issues presented by imported products, the CPSC has negotiated memoranda of understanding with a number of foreign countries. These agreements generally call for close consultation on product safety issues. We are also anticipating our second U.S.-Sino Product Safety Summit this Fall, and in preparation for that, we have established several product-specific

working groups that are developing concrete strategies for addressing the issue of unsafe imports. We are also working with various associations and standards groups to assure that a strong safety message is being delivered to Chinese manufacturers and exporters.

Management Efficiencies:

Despite its relatively small size, throughout its history the CPSC has been highly effective and efficient at reducing product-related injuries and deaths.

We have worked arduously to generate savings and implement efficiencies to offset the cost increases that we confront. For example, the agency has saved over \$1 million dollars per year because IT investments have allowed us to close field offices and support teleworking. Additionally, the agency foresees annual

savings of \$500,000 in rent at our headquarters in suburban Maryland as we begin to consolidate space to accommodate lower staff levels.

Recently, CPSC underwent a six-month assessment by the Office of Management and Budget (OMB) using its Program Assessment Rating Tool (PART) to evaluate the performance and effectiveness of CPSC's programs. This evaluation resulted in CPSC receiving OMB's highest rating, reflective of the fact that we constantly strive to set ambitious goals, achieve results and improve efficiency. While the agency is proud of this recognition, further staff reductions will challenge the CPSC's ability to maintain its record level of standards development, enforcement, public information and international activities.

Thank you for your support, and I look forward to answering your questions.