



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

APRIL 30, 2008

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

Last December, the appropriations committees significantly increased CPSC's fiscal year 2008 budget by over 27 percent above the previous year. I want to begin my testimony by thanking the Committee, and specifically the Chairman, for your strong support of our agency and our safety mission. The funds that you have provided are helping us lay the necessary groundwork for the agency's expanded initiatives that are presented in the agency's fiscal year 2009 budget request.

FISCAL YEAR 2009 BUDGET REQUEST

For fiscal year 2009, the CPSC is requesting \$80 million to carry out our various safety missions for America's families. While the agency's final appropriation for fiscal year 2008 was also \$80 million, there are significant expenditures in 2008 that do not recur in 2009. Therefore, an additional \$11,800,000 is available in the

agency's 2009 budget request compared to the 2008 funding level. With these fiscal year 2008 and 2009 funds, the CPSC will be able to complete the modernization of our testing laboratory, begin to overhaul our information technology (IT) infrastructure, and hire more staff.

The facilities, staff and IT systems provided by this funding will combine to create the foundation we need to begin to build the agency's newest safety programs, including the Early Warning System that I initiated last year to enhance our ability to identify emerging hazards and the Import Safety Initiative that will allow the agency, for the first time in its history, to have a full-time presence at the nation's ports. These expenditures for laboratory facilities, workspace and IT infrastructure are critical capital investments that must be made now to accommodate current and expected future growth of the agency, especially in tandem with our projected staff increase.

MEETING THE CHALLENGE OF IMPORTED PRODUCTS

Since the CPSC's inception in 1973, the agency's work has contributed substantially to the decline in the rate of deaths and injuries related to hazardous consumer products. Today, the American home environment has never been safer. However, the international marketplace is dynamic, and there is always more work to be done and new challenges to be met.

Perhaps the greatest of these is the import safety challenge. Most of the consumer products that we use today are no longer manufactured in the United States. For example, over 85 percent of toys and 59 percent of electrical products are manufactured in other countries, notably in China. The number of products imported into the United States showed a 200 percent increase from 1997 to 2006.

The Commission has taken aggressive steps to meet this challenge, including ongoing dialogue and initiatives with the Chinese government; working with the private sector, including Chinese manufacturers directly; and increased surveillance and enforcement activities at the borders and within the marketplace.

To provide a comprehensive and coordinated effort to ensure greater import compliance with recognized American safety standards, the Commission in 2004 created the Office of International Programs. Through this Office we have established a formal relationship between the CPSC and the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), our counterpart agency in China. Formal working groups and action plans with the

Chinese government were set up to focus on key product areas, and they continue to make progress on their immediate goals of developing strategies to address safety problems and to respond quickly to urgent product safety issues.

Last autumn, the CPSC sponsored the U.S.-Sino Product Safety Summit where significant agreements were signed with AQSIQ to strengthen these working groups. China has pledged to increase pre-export inspections, improve compliance with mandatory and consensus standards, and crack down on repeat violators of U.S. safety standards. While we recognize that China is a huge country with thousands of manufacturing facilities and that implementation of these agreements cannot be accomplished overnight, we have begun to see positive results. The CPSC will continue to work with the Chinese to assure that they fully implement their commitments.

The initial steps that the CPSC has taken to assure the safety of imported goods are an important beginning to our goal of maximizing Chinese industry compliance with U.S. product safety requirements. In this regard, it is essential to convey to them a full understanding of U.S. regulatory requirements. Summaries of provisions of nearly 300 U.S. mandatory and consensus consumer product safety standards are now available in Chinese. We are posting timely information briefs on our website in Chinese, and our plans include links to full Chinese texts and audio-visual products. The agency is also participating in industry-specific safety seminars and retail and vendor training seminars on-site in China.

BUILDING A NEW IMPORT SURVEILLANCE DIVISION

The CPSC is hiring new staff in the areas of hazard identification and reduction, as well as in compliance and field operations. CPSC's number of actual FTEs at the start of calendar year 2008 was under 390; our aggressive goal is to increase that number to 439 by October 1, 2008 ó a 13 percent increase with more than 50 new employees. Additionally, increased staff training and performance initiatives will enhance retention of CPSC's experienced and skilled employees.

These personnel will enable the agency to expand its monitoring, inspection and testing of products, and especially children's products, as part of our Import Safety Initiative. Our new Import Surveillance Division is designed to be the front line of defense working to prevent dangerous toys and other hazardous products from entering the country and reaching American consumers.

These employees will be specialists trained specifically in import surveillance procedures and will work closely with other government agencies and with CPSC's compliance officers, technical staff, attorneys, and laboratory personnel. CPSC's new port investigators will track cargo and, with Customs officials, stop and inspect suspect shipments. High impact ports will be targeted and new measures of import compliance will be established to better assess progress.

MODERNIZING CPSC'S TESTING LABORATORY

When our import surveillance and compliance officers find suspect products, those products are sent to our laboratory to determine if they violate standards or are defective. Therefore, our laboratory is an integral and critical part of our operation. As you know, and as your staff has witnessed first-hand, CPSC's testing laboratory needs to be modernized to create efficiencies and to better support CPSC's product safety work, including the new work generated by the Import Safety Initiative. As presently configured, the laboratory space is inefficient to say the least, though our staff there do an incredible job with the tools that they have at hand.

Our new funding has allowed the agency in 2008 to begin to implement plans that not only address the needs of the laboratory but also anticipate critical and immediate workspace issues for a growing staff. The Commission has been able to move forward with site selection and will make a substantial payment to the General Services Administration of \$8 million in fiscal year 2008 so that we can move into the new laboratory a year earlier than otherwise expected. An additional payment of \$6 million is requested in CPSC's fiscal year 2009 budget proposal to complete the laboratory project.

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

IMPROVING CPSC'S IT INFRASTRUCTURE

Per the committee's interest, the agency is also spending new funding on important improvements to our information technology (IT) infrastructure. The need for increased funding for IT has been a constant in CPSC's budget proposals over the

years. Our IT systems have not been fully modernized since 1993 when the agency last relocated its headquarters. As directed by the Committee, CPSC's 2009 budget request includes a report on our information technology modernization requirements.

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

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

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

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

ESTABLISHING A NEW EARLY WARNING SYSTEM

The new IT improvements will also support our new Early Warning System (EWS) which I initiated last year to enhance our current hazard identification

systems. The goal of the EWS is to systematically identify and respond to children's product safety hazards starting with cribs, bassinets and playpens. This initiative is important because it is designed to address emerging hazards more quickly and effectively. Through an enhanced identification system, the agency will be able to detect product hazard patterns more promptly as they emerge.

ONGOING CPSC ACTIVITIES

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

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

Reducing Carbon Monoxide Poisonings

Additionally, the Commission completed a great amount of work to reduce carbon monoxide (CO) poisonings.

First, the Commission issued a mandatory rule last year for a new danger label for portable generators to warn consumers about CO poisoning and to encourage safe use. The regulation became effective on May 14, 2007, for all portable generators manufactured or imported after that date.

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

Third, the CPSC awarded a contract to develop a prototype generator engine with reduced CO in the exhaust.

Fourth, CPSC staff has an interagency agreement with the National Institute of Standards and Technology (NIST) to conduct physical testing and indoor air

quality modeling of in-home CO infiltration in various styles of homes when a generator is used in various locations.

Finally, CPSC staff conducted a proof-of-concept demonstration of a remote CO sensing automatic shut-off device, as well as an interlock concept in which a CO sensor was located in the generator. The results of these investigations will help determine practical and effective performance requirements for portable generators and provide the basis for subsequent rulemaking activity.

Implementing a New Mattress Flammability Standard

In 2007, the CPSC's new mattress flammability standard became effective. The staff estimates that the new standard, when fully effective, will prevent as many as 270 deaths and 1,330 injuries annually.

In implementing the new standard, CPSC staff has sponsored and participated in education seminars for manufacturers and retailers. Staff has also developed a dedicated mattress information webpage and prepared and distributed several reference documents and informational brochures.

In addition to the progress the agency has made on these rulemakings, the CPSC is continuing its work in the voluntary standards process by providing expert advice, technical assistance, and information based on data analyses of how deaths and injuries occurred. Staff is currently supporting the development or revision of over sixty voluntary standards, including those to reduce fires related to candles, batteries, appliances and other electrical products.

Enforcement and Compliance Efforts

CPSC's Office of Compliance completed 473 cooperative recalls in 2007 involving approximately 100 million product units. While those 473 recalls in 2007 were heavily publicized in the media, they were only marginally above the 467 cooperative recalls that were completed in 2006, and in fact, they involved fewer than the 120 million product units in 2006. The increased media attention on the CPSC in 2007 did, however, have the salutary effect of raising both public awareness of the agency's safety mission and its effectiveness in removing products from the marketplace that violate mandatory standards or present a substantial risk of injury to the public.

To assist industry in recalling products and complying with our regulations easily and quickly, the agency relies on Fast Track product recalls to streamline the process for firms that are willing and prepared to recall their products promptly. 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 a time-consuming hazard analysis and, over 90% of the time, are implemented within 20 days of a firm's report to the CPSC. For non-Fast Track corrective actions, we also established new efficiency goals to complete key actions within a specified time period.

Educating the Public

CPSC's Office of Public Affairs is very active in educating the public and informing consumers of recalls and emerging hazards. In 2007 that Office issued more than 350 press releases on product recalls and safety information and completed more than 20 safety campaigns on such topics as all-terrain vehicles; mattress safety; stove, television and furniture tipovers; portable generator dangers; and outdoor and indoor drowning prevention. American consumers viewed safety information announced by the CPSC more than a half billion times through television interviews, video news releases, free publications, and the Neighborhood Safety Network.

I am especially proud of that Office's work on outreach to the Spanish-speaking community. In 2007, we translated the Neighborhood Safety Network Toolkit into Spanish, as well as several safety publications and three times the number of press releases as in the previous year. The CPSC coordinated a Lead Poisoning Prevention Web site in cooperation with other federal agencies and the National Council of La Raza.

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

The CPSC is an agency that is undergoing change, like no other agency of government, with significant budget increases, comprehensive reauthorization, and

national attention unlike ever before in its history. As we make the transitions that accompany this change, I look forward to continuing to work closely with the Committee. Our common goal is to assure the safety of the products that American families bring into their homes, schools and recreation areas. I am honored to serve the American public as Acting Chairman of the Consumer Product Safety Commission at this time of great challenge and great opportunity, and I look forward to answering your questions.

Thank you.