Statement of
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Before the

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Subcommittee on Financial Services and General Government

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Good morning, Chairman Serrano, Ranking Member Emerson, and Members of the Subcommittee on Financial Services and General Government. I am pleased to be here today to discuss the U.S. Consumer Product Safety Commission's (CPSC) fiscal year (FY) 2011 budget request.

During the past eight months as Chairman of the CPSC, I have had the opportunity to see first-hand the great work that the Commission undertakes every day. From new regulations to ensure the safety of cribs to enforcement action against children's jewelry with harmful levels of lead, cadmium and other toxic metals, the CPSC is once again an agency that means business when it comes to protecting the safety of American consumers.

Much of this progress would not have been possible without the reauthorization of the Commission through the Consumer Product Safety Improvement Act of 2008 (CPSIA), and the additional funding received by the agency in FY 2009 and 2010. I greatly appreciate the increased resources Members of this Subcommittee have supported over the past two years, and can assure all of you that those resources have been put to good use through increased staffing, improved import surveillance, and rapid and robust responses to new and emerging hazards.

The results of this new commitment to the CPSC are already very encouraging. One concrete example of this is increased staffing and resources at the agency. During FY 2008, the number of CPSC full-time employees (FTEs) had dropped to only 385 – the lowest in the agency's history. Section 202 of the CPSIA required the agency to increase the number of FTEs to at least 500 by the end of FY 2013. I am very pleased to report that we have already reached that milestone, and have 501 FTE positions filled at the CPSC as of March 1, 2010.

But employee numbers are only one indicator of change. Another key metric is results. One concrete example of that is our ability to stop dangerous products before they enter the stream of commerce. In FY 2007, the CPSC collected approximately 750 samples of suspect products entering our country. In FY 2009, that number more than doubled to almost 1600. At the same time, we started to see a commensurate decrease in the number of voluntary recalls—from 563 in FY 2008 to 466 in FY 2009.

The Commission's proposed FY 2011 budget request of $118.6 million is designed to accelerate this forward momentum by focusing on modernization efforts that will flag emerging hazards – and help us to keep those products out of our country and the hands of children.

While this request is only $400,000 over the FY 2010 level, it will allow the Commission to increase the FTE level by 46 in FY 2011 (for a total of 576 FTEs), fund a broad new compliance initiative, implement the second phase of the Commission's continued Information Technology (IT) modernization, continue to improve consumer outreach, and direct $2 million in support of the federal National Nanotechnology Initiative by reallocating $13.9 million in funds used for FY 2010 nonrecurring activities.

The Commission's Compliance Initiative

Since the passage of CPSIA, Commission staff have worked diligently to promulgate and implement the numerous rules required by that law. In 2011, the CPSC's work will shift from developing rules mandated by the CPSIA to enforcing those rules – both within our borders and at ports of entry.

To further facilitate those efforts, the CPSC's FY 2011 budget requests $4,647,000 and the addition of 41 full-time employees (FTEs) to support additional responsibilities associated with three key elements of the compliance program: regulatory enforcement, import surveillance, and defect investigations.

Regulatory Enforcement:

Experience shows that enforcing new rules takes considerably more resources than enforcing an existing rule that has been in place for a number of years. The number of rules mandated by CPSIA during FY 2009 and FY 2010 are more than double the number of rules promulgated by the Commission since 1990 – and will result in a dramatic increase in enforcement responsibility.

The FY 2011 budget, therefore, requests $1,647,000 and 15 FTEs to enforce the new rules. This includes 4 new compliance officers, 5 field investigators, 3 lab testing and other technical specialists, 2 attorneys, and one FTE to coordinate with state and local authorities.

Import Surveillance:

The Commission's import enforcement workload will also increase as investigators ramp up efforts to verify testing certifications and collect increasing numbers of suspect product samples at our Nation's ports. The need for more staff and better coordination with U.S. Customs and Border Protection (CBP) was highlighted in an August 2009 Government Accountability Office (GAO) report, and the Commission is eager to fully address this issue.

Accordingly, the FY 2011 budget requests $1,965,000 to expand coverage at the ports, verify third-party testing certifications, collect samples of suspect products, and – most importantly – stop unsafe products from entering the country. This request will support an additional 16 FTEs dedicated to import surveillance (5 investigators and analysts that will be stationed at ports, 2 compliance officers to process additional import samples, and 9 FTEs for lab testing and other specialties), as well as $100,000 for destruction of goods refused at the ports by CPSC.

Defect Investigations:

The number of product incident reports the Commission receives almost doubled between FY 2003 and now. With the rollout of the public database by March 11, 2011, we expect that the number of incident reports will grow exponentially. These reports often provide critical information and data to the CPSC. However, with current resources, CPSC staff is only able to thoroughly investigate a very small number (approximately 10 percent) of the total reports received.

Increased resources are needed to enhance our defect investigation capability, and ensure that the Commission can adequately review and process the rapidly increasing number of product incident reports. Therefore, the FY 2011 budget requests $1,965,000 and 10 additional FTEs (3 compliance officers, 5 field investigators, 1 technical specialist, and 1 attorney) to support this critical effort.

Information Technology Modernization

Section 212(b) of the CPSIA requires the Commission to upgrade its information technology systems and develop a database that allows consumers to submit incident reports that can subsequently be reviewed by all members of the general public.

In response to this mandate, CPSC is developing a single, integrated, web-based environment, the Consumer Product Safety Risk Management System (RMS), which will change the way the Commission receives and analyzes data. Current systems at the Commission are fragmented, and information flows often have to be manually sorted by staff to identify new and emerging hazard patterns.

With the new RMS, CPSC will be transformed. The Commission will have one powerful database for the input and analysis of multiple sources of data. This capability will be absolutely critical as data streams from the new public database start flowing into the Commission. In addition, the system will have new predictive "data mining" tools that will allow the CPSC to compare new incidents electronically with all prior incidents. Overall, this new capability has the potential to uncover more defect patterns for staff to examine. This, in turn, could lead to an increase in recalls of defective products and the prevention of injuries and deaths.

The Commission has already allocated approximately $20 million dollars to fund many of the initial planning and design costs for the RMS, and deeply appreciates this Subcommittee's past support of this program. In FY 2011, funding requirements will largely shift from design and build costs to maintenance items. Therefore, the FY 2011 budget requests $1.880 million for a staffing combination of 8 FTE and contract positions to maintain the system and comply with Congressional and Office of Management and Budget (OMB) requirements for information technology governance, cybersecurity and privacy.

Consumer Education and Outreach

Providing consumers with recall and product hazard information that helps make families and communities safer is one of my top priorities. Over the past year, the Commission has made great strides in consumer outreach by re-establishing our presence on network television, in national newspapers, and on the radio. The agency also launched "CPSC 2.0," a social media initiative that is reaching tens of thousands of consumers via YouTube, Twitter, FlickR, the OnSafety blog, and our Recall Widget. This year, the Commission plans to further accelerate this initiative by expanding the platforms we use to include cell phone text messages.

The Commission also plans to accelerate efforts to conduct grassroots education and advocacy in hard-to-reach and vulnerable populations. In August 2009, the GAO released a report recommending that the CPSC increase its focus on reaching minority populations. Mr. Chairman, I know this is a key priority for you. Since becoming Chairman of the CPSC, I have directed Commission staff to explore additional outreach efforts to underserved populations. In carrying out a special Minority Outreach initiative, we will increase our use of existing tools, such as the Neighborhood Safety Network (NSN) program – which provides vital information to more than 5,600 community organizations and leaders – as well as use new tools, such as targeted, grassroots programs for Hispanics, African-Americans, American Indians, and other minority groups. This will also remain a key priority of the Commission in FY 2011.

One of the most tragic subjects the Commission deals with are drownings and entrapments involving children in residential and public pools. Congresswoman Wasserman Schultz has been a tireless advocate of increased safety measures and outreach in this area, and I am pleased to note that the FY 2011 budget contains $1,000,000 specifically for continuing pool and spa safety education. This funding will build on the previous funding of $8.1 million in FY 2009 and FY 2010, and continue to help the agency drive down the 300 child drownings each year and increase compliance with the Virginia Graeme Baker Pool and Spa Safety Act.

Nanotechnology

The CPSC's FY 2011 budget also proposes $2 million to support the federal National Nanotechnology Initiative, and seeks to collect additional data and explore environmental, health, and safety issues related to the increasing use of nanotechnology in consumer products.

In the last few years, there has been increasing public concern over potential health impacts associated with this technology. Although nanomaterials may have the same chemical composition as non-nanomaterials, at the nanoscale they may demonstrate different physical and chemical properties – and behave differently in the environment and the human body.

The $2 million proposed will allow the Commission to conduct exposure and risk assessments of nanomaterials, allow for database updates to properly flag reports of nanotechnology incidents with consumer products, and conduct consumer outreach efforts such as public meetings. Perhaps even more importantly, it will also allow the Commission to take a very proactive approach to this emerging issue, rather than merely reacting to incident reports after they are received.

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Mr. Chairman, thank you again for the opportunity to testify on the proposed FY 2011 budget for the U.S. Consumer Product Safety Commission. It provides the funding necessary to continue the transformation of this agency from what some have described as a "teething tiger" into the world's leading lion of consumer protection.

I look forward to working with you and other members of the Subcommittee on the Budget Request, and would be happy to now answer any questions you may have.