

CONSUMER PRODUCT SAFETY COMMISSION

4330 EAST WEST HIGHWAY BETHESDA, MD 20814

UNITED STATES

ACTING CHAIRMAN ROBERT ADLER

March 1, 2021

The Honorable Rosa DeLauro Chairwoman Committee on Appropriations U.S. House of Representatives Washington, D.C. 20515

Dear Chairwoman DeLauro:

As the Acting Chairman of the U.S. Consumer Product Safety Commission (CPSC), the independent agency tasked with protecting Americans from the unreasonable risks of consumer products, I am writing to explain why our current funding is woefully inadequate to accomplish the vital mission before us and to seek your help in expanding our budget.

At the outset, I should acknowledge and thank those in Congress who are working so hard to secure funding for the agency's increased needs related to the pandemic. I am watching the reconciliation process closely and am hopeful that the final legislation will contain enough resources for the agency to fulfill the mandates given to us in the FY21 Omnibus and COVID Relief Response Act (P.L. 116-260). Unfortunately, even this cash infusion will not be enough to bring the agency to the level of funding we need to complete our mission.

I realize that you will face countless requests from other agencies and departments for increased funding, but I believe CPSC's situation is far more dire than some others simply because we have been severely underfunded since our inception almost 50 years ago. Unfortunately, starting small has kept us small. Here are some facts to put this point in context:

- CPSC has a massive workload with jurisdiction over roughly 15,000 product types, but
 its current budget of \$135 million is far and away the smallest of the federal health and
 safety regulatory agencies. Even with the funding increase requested here, CPSC will
 still be the smallest of these agencies.
- One of our sister agencies, FDA, has an annual budget almost 44 times that of CPSC. In most years, FDA's dollar request for an increase in funding dwarfs CPSC's entire budget. (FDA claims to be a bargain for the American public, costing \$10.00 per person. Compared to that, CPSC is a steal, weighing in at only forty cents per person).

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- Another sister agency, NHTSA, has a budget more than seven times that of CPSC, yet
 the number of fatalities and injuries associated with NHTSA's product jurisdiction is
 much smaller than CPSC's. Despite these fewer incidents, NHTSA's budget for public
 safety messages alone is four times that of CPSC.
- For the past five years, CPSC's average budget increase has been only 1.6% compared to NHTSA's 2.7% and FDA's 4.8%.

Notwithstanding these budget disparities, CPSC must still serve and protect the same 330 million Americans as our sister agencies.

Simply put, CPSC requires a budget commensurate with its mission. As the Biden Administration begins the work of assessing the country's most critical infrastructure needs, I ask that the protection of its citizens from unsafe products be prioritized and funded as such.¹

As always, I am happy to discuss resources or any other CPSC issues with you or your staffs. Please feel free to reach out to me directly at radler@cpsc.gov or to Sarah Klein, my chief of staff, at sklein@cpsc.gov.

Sincerely,

Robert S. adler

Robert S. Adler

Acting Chairman of the U.S. Consumer Product Safety Commission

¹ Please note, this letter is from me as an individual Commissioner and is not a Commission approved document. It derives from extensive consultation with agency staff, but it is not a 27(k) submission under the Consumer Product Safety Act, 15 USC § 2076(k). A copy of this letter has been provided to the Office of Management and Budget for their consideration.

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A. REINVENTING CPSC TO ADDRESS 21st CENTURY CHALLENGES

In order for the U.S. Consumer Product Safety Commission to adapt to the changing consumer product environment and secure agency resources that match its mission, I believe that CPSC must expand program areas across the agency, along with a corresponding investment in additional staff and technology, in order to achieve that goal. Specifically, based on extensive consultation with CPSC staff, I believe a budget of \$281 million, plus an additional one-year allocation of \$89 million, bringing the total budget for FY 2022 to \$370 million, along with a total of 1040 Full-Time Employees (FTE), is necessary to support the expanded programs set forth below.

B. COMMITMENT TO VIGOROUS COMPLIANCE

- I. Create Division of E-Commerce within the Office of Compliance: Enforcement of the sale and distribution of goods on e-commerce platforms is one of the biggest challenges facing the agency. It has evolved from an emerging issue to one that has become central to the way American consumers and sellers interact. E-commerce has perhaps been hastened by the pandemic, but this is not a temporary phenomenon and will likely increase in the future. As a result, we need dedicated resources in the form of a separate division within Compliance to adapt to this new reality. A Division of E-Commerce Enforcement would complement work at the ports and also serve as a strong signal of how seriously the agency is taking e-commerce issues.
 - i. **Expand Legal Staff**: This effort requires a significantly expanded regulatory and legal staff that would be devoted largely to the sale of consumer goods on third-party platforms. At present, only one or two agency lawyers (part time) are taking on the largest retailer in the world. An expanded legal staff would be able to vigorously enforce CPSC statutes, and engage in the likely litigation to emerge in this nascent and unsettled legal area.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
20	\$3,700	\$500	\$0

(\$ IN THOUSANDS)

ii. Expand Internet Surveillance Unit: The growing e-commerce footprint requires a corresponding increase in e-commerce surveillance to identify and remove violative products sold online. Currently, we are able to afford only a small number of employees surveying the internet marketplace, but this growing domain work requires significantly more staff to monitor and act on these myriad and complex cases.

	RECURRIN	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
8	\$1,480	\$1,000	\$0

(\$ IN THOUSANDS)

II. Expand Defect Investigation Capabilities by Creating a Department of Investigations: Defect work is currently subsumed under the Compliance Office's legal division, but there is a significant need to increase the agency's investigative capacity through the addition of a cadre of trained investigators. An expanded investigative staff would enable product investigations to occur more quickly and at a higher volume, with the goal of increasing the number of recalls of defective products. Although acquiring more sophisticated technology will likely play an important role in the agency's ability to adapt to the online environment, a highly trained and skilled staff remains key to removing defective products from the marketplace. A dedicated division would allow the agency to substantially increase the in-depth investigations (IDI) of death and injuries that lie at the heart of our enforcement efforts.

At present, we are able to investigate only a small fraction—roughly 3%—of incidents that we receive. Having a robust unit devoted to this work will enhance the agency's ability to identify and remove defective products in the marketplace.

	RECURRIN	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
20	\$3,700	\$200	\$0

(\$ IN THOUSANDS)

III. **Expand Civil Penalty Enforcement**: As currently configured, our small legal staff in Compliance performs both compliance and civil penalty work related to violative or defective products in the marketplace. Given our minuscule resources, the agency has correctly prioritized this work to protect consumers as a first principle by ensuring the removal of such products before devoting scarce resources to time-consuming penalty work. However, it is often clear during the course of investigating compliance cases that a matter is also ripe for imposition of a penalty. A separate penalty staff could act while a recall case is under development, laying the groundwork so that a penalty can be sought in tandem with a recall, rather than well after the fact. Not only would this be more efficient, it would send a strong message that the agency is dedicated both to protecting consumers and penalizing bad actors.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
10	\$1,850	\$0	\$0

(\$ IN THOUSANDS)

C. EXPAND HAZARD IDENTIFICATION PORTFOLIO

I. Focus on Chronic Hazards: Presently, we must contract out a significant amount of work on chronic hazards, limiting the agency's ability to address these issues in a comprehensive manner. Investigations frequently proceed piecemeal and seriatim rather than holistically. Work on organohalogen flame retardants (OFRs) and playground crumb rubber are but two examples of products that present chronic hazards that we are not equipped to address with our current resources. To address these issues directly, we must invest significantly in staff, research, testing capabilities, and expanded laboratory facilities.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
5	\$925	\$3,000	\$0

(\$ IN THOUSANDS)

II. **Expand Epidemiology (EPI)**: Our ability to identify hazards and analyze ever-expanding pools of data is limited by our small epidemiology staff. Increasing EPI personnel, along with expanding their capability and reach, will allow for enhanced acquisition of diverse data sources. In turn, this will enable better trend identification, emerging hazard evaluation, and corresponding data analysis. Importantly, this will also allow a greater – and much needed – focus on safety hazards that disproportionately affect vulnerable populations.

Ī		RECURRING	1X COSTS	
	FTE	FTE \$	Non-FTE \$	Non-FTE
	16	\$2,960	\$1,000	\$0

III. Improve and Upgrade National Electronic Injury Surveillance System (NEISS): First established when CPSC began operations, NEISS remains the bedrock of CPSC's injury data collection efforts. Although NEISS is a critical tool for tracking and analyzing injury data across the country, it requires significant expansion to remain effective. Specifically, the agency is currently engaged in a resampling project, which will require recruitment, training, and parallel data collection for 20 to 30 additional hospitals to be added to the NEISS system. This, in turn, requires additional staff, as well as the modernization of associated NEISS information technology applications.

	RECURRIN	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
3	\$555	\$1,500	\$3,000

(\$ IN THOUSANDS)

IV. **Invest Significantly in Artificial Intelligence (AI)**: To enhance data quality and analysis, a major investment in artificial intelligence capability would allow the agency to make significant strides in data analysis that cannot be achieved through our current minimally-funded ad hoc approach.

	RECURRIN	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
5	\$925	\$2,000	\$10,000

(\$ IN THOUSANDS)

V. **Create Division for Software Standards and Testing**: To address the growing number of products using software, including AI and internet of things (IOT), subject matter experts are needed for standards development, product testing, and evaluation in this area.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
6	\$1,110	\$2,000	\$0

(\$ IN THOUSANDS)

VI. **Develop Physical and Digital Simulated-Use Assessment Capabilities**: Current analyses of consumer use of products are predominantly done using low-technology capabilities, such as test dummies and dolls. To better model these and related aspects of consumer risks, we need enhanced software, hardware, and skilled professionals to digitally simulate hazard scenarios. These resources can help provide more effective analysis for compliance cases, as well as the development of standards.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
2	\$370	\$500	\$0

(\$ IN THOUSANDS)

D. EMPHASIZE ROBUST PORT SURVEILLANCE

Implement Significant Unfunded Mandate from Congress: CPSC has long recognized the critical importance of pursuing product safety as shipments enter the U.S., if not before. In cooperation with Customs and Border Protection (CBP), CPSC has stretched its budget for import surveillance to be as effective as possible. But the rise in e-commerce requires a corresponding rise in our efforts at U.S. ports of entry. Late last year, Congress recognized this need and imposed a statutory requirement to hire a significant number of personnel to address *de minimis* e-commerce shipments coming into the country—but it has not appropriated additional funding to support this mandate. Funding is needed in order to hire the designated personnel and to develop the infrastructure to support this expanded work in the form of a new division within the Office of Import Surveillance. This new division, the

Office of E-Commerce Enforcement, would implement the letter and spirit of the statutory requirements, and would work in tandem with the proposed creation of an E-Commerce Division within the Office of Compliance.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
44	\$8,140	\$1,000	\$0

(\$ IN THOUSANDS)

II. Expand Port Staff at Traditional Ports: To execute the vision of robust compliance at the ports, CPSC needs to expand port staff stationed throughout the country. We currently have a physical presence, co-located with CBP, at 18 ports in the U.S. with a total of 32 FTEs when fully staffed. For context, there are over 327 ports nationwide. Although we do not believe that the volume of activity justifies additional personnel at the majority of these locations, we nevertheless believe that up to 10 additional ports where there is sustained activity would require additional personnel to bolster the current inadequate coverage.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
28	\$5,180	\$300	\$0

(\$ IN THOUSANDS)

III. Develop E-Filing Program: To enhance targeting capability both at traditional ports and in the emerging e-commerce arena, the agency seeks to launch an e-filing program. Importers of certain regulated consumer products would be required to electronically file (e-file) targeting/enforcement data (a subset of the data required on a certificate of compliance) at the time of importation. Import staff currently requests certificates of compliance once a shipment has already been identified or stopped for inspection. Unfortunately, this timing means that staff cannot use the lack of a certificate, or certificate data, for targeting potentially hazardous products. The Commission recently approved CPSC staff's recommendation to establish an e-filing program to enhance the agency's ability to intercept noncompliant imported consumer products. This important work will require significant resources as it involves an additional pilot program, rulemaking, and significant investment in technology to accommodate the appropriate electronic filing requirements this project entails. Although the Commission has approved this project, the resources to achieve final completion are not within the current CPSC resource availability — particularly if the agency continues receiving only modest budget increases.

	RECURRING COSTS		1X COSTS
FTE	FTE \$ Non-FTE \$		Non-FTE
5	\$925	\$2,000	\$5,000

(\$ IN THOUSANDS)

IV. **Modify and Update Risk Assessment Methodology (RAM):** Significant investment is required to keep the agency's statutorily mandated RAM up to date by using cutting-edge technology and data. A fully modernized RAM system would allow the agency to expand capabilities related to e-filing, *de minimis* shipments, and the identification of defective products.

	RECURRING	1X COSTS	
FTE	FTE \$ Non-FTE \$		Non-FTE
0	\$0	\$2,000	\$15,000

E. ENHANCE COMMUNICATIONS CAPABILITIES AND REACH

Restructure Agency Communications to Meet 21st Century Challenges: Effective public health and safety communications requires specialized skill sets to reach the American public in the 21st century. This investment will allow for the development of three distinct divisions of communications: 1) Public Affairs, 2) Digital Communications, and 3) Community Engagement. These capabilities will require investment in metrics and analytics to support research on and tracking of the effectiveness of CPSC's campaigns to allow them to be continually refined over time. This will also support future needs as CPSC adapts to rapid changes in technology and their impact on the American consumer.

- Public Affairs: As the demands on the agency's budget grow significantly, safety campaigns, recall work, and press engagements must expand accordingly. Our communications infrastructure must be equipped to handle both known and emerging product safety hazards, and to develop novel approaches for effectuating behavior change.
- II. **Digital Communications:** Effective safety messaging requires the agency to meet consumers where they are—that is, online. This means we must develop and maintain a robust internet presence, including traditional social media, CPSC websites, and apps to track product safety developments.
- III. **Community Engagement:** Unlike many similar consumer protection agencies, CPSC's communications division does not have a field presence that can directly engage with targeted communities across the country. Such a division is essential to increase CPSC's engagement with vulnerable populations and ensure effectiveness of the agency's outreach.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
20	\$3,700	\$10,000	\$10,000

(\$ IN THOUSANDS)

F. CREATE INTERGOVERNMENTAL OFFICE

CPSC interactions with federal, state, and local government partners tend to be ad hoc, occurring in the context of individualized issues that may arise at the prompting of another agency or in response to a media story. Given the importance of working cooperatively with other agencies on matters of product safety, it is critical that a more coordinated approach be taken. An intergovernmental branch within CPSC would be devoted to leveraging relationships with other agencies, both at the local/state and federal levels to enhance consumer protection. Examples include potential collaborations with HUD or the military to ensure noncorded window blinds, stable furniture, and safe playground equipment are in place in federally subsidized housing, as well as partnerships with State Attorneys General to enhance enforcement at the state level.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
15	\$2,775	\$200	\$

(\$ IN THOUSANDS)

G. BUILD DIVERSITY AND SEEK PRODUCT SAFETY EQUITY

I. **Enhance Diversity and Inclusion at CPSC**: Additional staff is required to enhance recruitment efforts, analysis of workforce data, and proactive programs that seek to foster inclusion, equity, and diversity.

	RECURRING	1X COSTS	
FTE	FTE \$ Non-FTE \$		Non-FTE
3	\$555	\$200	\$1,000

II. Expand Outreach to Vulnerable Populations: Vulnerable, diverse, and disenfranchised communities can be better served through targeted communications and outreach. This would be accomplished by the enhanced ability to micro-target proven safety messaging that can help close the gaps between existing safety disparities in the market.

	RECURRING COSTS		1X COSTS
FTE	FTE \$ Non-FTE \$		Non-FTE
5	\$925	\$500	\$1.000

(\$ IN THOUSANDS)

III. **Enhance Data Collection:** We will need additional resources to develop robust agency data collection and analysis of product safety incidents, injuries, and deaths reflecting potential safety disparities among diverse populations. Additionally, we intend to create a new position, a Diversity Risk Manager within the Risk Management Group, to improve the focus on safety disparities among vulnerable, diverse, and disenfranchised communities.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
5	\$925	\$500	\$2,000

(\$ IN THOUSANDS)

IV. Invest in Safety Work: Allocate safety work to better address any existing safety disparities.

	RECURRING	1X COSTS	
FTE	FTE \$ Non-FTE \$		Non-FTE
5	\$925	\$500	\$1,000

(\$ IN THOUSANDS)

H. INVEST IN INFORMATION TECHNOLOGY

Long term remote work has revealed ongoing needs to upgrade and modernize agency IT systems. In addition to addressing the deficits we have identified during the pandemic, and the accompanying increase in remote work, CPSC has significant needs related to the overhaul of internal systems within the Office Compliance, including critical, statutorily required data collection from regulated entities, such as the dynamic case management system (DCM), the Consumer Product Safety Risk Management System (CPSRMS 360), and Section 15 reports. A substantial commitment to IT development and modernization will allow the agency to keep pace with continuing advances in technology that improve the ability of the agency to work more efficiently and effectively.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
5	\$925	\$10,000	\$20,000

(\$ IN THOUSANDS)

I. EXPAND LABORATORY CAPACITY AND LOCATIONS

The evolution of the marketplace along with the Congressional mandate to increase port surveillance necessitate an increase in testing capacity that will require expanded laboratory capacity or, more likely, the addition of new testing locations. The agency's sole laboratory (Rockville, Maryland) was built in the wake of expanded testing requirements under legislation enacted in 2008, the Consumer Product Safety Improvement Act (CPSIA) — a significant achievement, at the time, that advanced agency capabilities. Ten years hence, we need to remain on the cutting edge of laboratory work and testing capacity. An increase in

port inspectors around the country will lead to the need for new satellite testing laboratories in targeted geographic locations (e.g., closer to the ports) in order to more rapidly identify violative products.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
100	\$18,500	\$6,000	\$20,000

(\$ IN THOUSANDS)

J. MODERNIZE AND RESTRUCTURE THE AGENCY

Establish Administration Department: Centralizing the agency's administrative functions would enable those with administrative expertise to execute those functions more effectively and efficiently, while allowing program areas to work exclusively on mission issues. This new department would be dedicated to personnel administration, budget formulation, funds control, planning, and performance management. If the agency is to increase its staff size in any significant way, an efficient central hub for administrative functions is essential.

	RECURRING	1X COSTS	
FTE	FTE \$	Non-FTE \$	Non-FTE
15	\$2,775	\$1,000	\$0

(\$ IN THOUSANDS)

II. Expand Procurement Department

i. Create Contracting Officer's Representative (COR) Department: A separate division responsible for all of the COR functions would provide expert contract management and oversight for the agency. A centralized COR would also allow our engineers, scientists, attorneys, IT specialists, and other staff unfamiliar with contract administration, to focus on direct mission work.

		RECURRING COSTS		1X COSTS
	FTE	FTE \$	Non-FTE \$	Non-FTE
Ī	15	\$2,775	\$500	\$0

(\$ IN THOUSANDS)

ii. **Create Legal Division in the Procurement Department**: Adding legal staff would enhance procurement legal expertise, contract development, and contract interpretation.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
3	\$555	\$0	\$0

(\$ IN THOUSANDS)

III. Provide Additional Support Services

i. Create Audit Response Liaison/Team: In an environment of expanded audit work by the Office of the Inspector General, this individual/group would be responsible for handling audits, coordinating responses, and interacting with auditors so as to reduce the impact on mission work.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
2	\$370	\$500	\$0

ii. Enhance Enterprise Risk Management and Internal Controls: The continued focus on improving controls and procedures, not just in the financial management arena but across program areas, requires a concerted focus for which the agency is simply not equipped. Additional resources would be used to assist program offices in assessing their risks in meeting program objectives, determining risk tolerances, developing and implementing internal controls, and assessing those controls. Currently, programs do not have the capacity to do this with the diminishing resources dedicated to our mission. This request would provide the program offices and Financial Management Services (EXFM) with the resources to build, implement, and maintain a robust enterprise risk management and internal controls environment while also complying with statutory and OMB requirements.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
15	\$2.775	\$500	\$1,000

(\$ IN THOUSANDS)

iii. **Create a Travel Department:** Although travel plans seem remote at present, a dedicated in-house staff would provide immediate assistance with procedures, systems, and training, as well as monitor rules and regulations governing travel. This would significantly lessen the administrative burden on staff unfamiliar with these processes and reduce the likelihood of erroneous violations of government travel requirements.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
2	\$370	\$200	\$0

(\$ IN THOUSANDS)

iv. Obtain Translation Services: Improved agency translation services, perhaps through a language access coordinator position, as well as language translation and interpretation services, would enhance our ability to reach consumers who speak limited English or those not likely to read and understand English-only or Spanish-only information about recalls. This investment, including an interpretation telephone capability, could improve outreach to diverse populations for both education and compliance work.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
3	\$555	\$500	\$0

(\$ IN THOUSANDS)

v. **Expand Legal Support and Operations Personnel in Administrative Office:** The proposed expansion of various program areas and staff would necessitate a corresponding increase in legal and support personnel in OGC, HR, IT, budget, finance, and facilities, and other areas.

	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
116	\$21,460	\$5,000	\$0

K. SUMMARY: TOTAL BUDGET INCREASE ESTIMATES

I recognize that the proposal outlined here is audacious—but it is also necessary. CPSC is a tiny agency with an enormous mission that continues to expand along with our increasingly diverse population, marketplace, and technologies. As we approach this year's formal budget cycle, I ask that you consider CPSC through a new forward-thinking paradigm, and fund the agency this year, and in years to come, with dollars commensurate to its importance.

ADDITIONAL	RECURRING COSTS		1X COSTS
FTE	FTE \$	Non-FTE \$	Non-FTE
	\$93M	\$53M	
501	\$146M		\$89M

I am available to answer questions or provide clarifications at any time, and look forward to working together to accomplish our shared task of serving the American people.

Sincerely,

Robert S. Adler

Robert S. adler

Acting Chairman of the U.S. Consumer Product Safety Commission