



U.S. CONSUMER PRODUCT SAFETY COMMISSION
4330 EAST WEST HIGHWAY
BETHESDA, MD 20814

STATEMENT OF COMMISSIONER NANCY NORD ON
THE CPSC MID-YEAR FY 2011 BUDGET REVIEW
June 3, 2011

The FY 2011 mid-year budget review offers us an opportunity to refine our spending initiatives and assure taxpayers that public funds are being spent in the most cost effective manner. I am not satisfied that the mid-year budget adjustments put before us accomplish this objective.

I am disappointed that my colleagues have again chosen to forgo funding a cost benefit analysis of the proposed rule for testing and certification, a rule that has the potential to markedly impact global manufacturing. I offered a similar amendment to the FY 2010 mid-year review, only to have the proposal rejected by my colleagues. As I stated a year ago, in the past, when the CPSC issued a major rule, it followed the lead of other agencies and went through this discipline. And when we did, the decision-making process was better informed because of the rigorous analysis that accompanied it. There still is no good reason why we are not doing such an analysis in this important case, especially since – like last year – the necessary funds are available and this testing rule is one of the most significant rules ever promulgated by this agency.

This economic analysis is a sensible way to ensure that we are structuring the testing and certification rule to get the most safety benefits for the least societal cost. And while some are fond of drawing attention to the CPSIA as a sort of justification for turning a blind eye to its use, it is important to note that CPSIA does not prohibit the agency from performing a cost benefit analysis. Moreover, when Congress passed the CPSIA, I believe that they expected that we would regulate in a rational way. But without understanding the costs and benefits associated with a new regulation, how can we honestly claim to be doing this? To not perform this analysis is both irresponsible and indefensible.

The CPSC's mid-year budget review shows that we have \$3.4 million in unallocated funds. To spend this money, it is proposed, among other things, that monies be dedicated to marketing-related activities that may not even be effective. I am particularly concerned that more than a quarter million dollars are being reallocated to expand the Neighborhood Safety Network (NSN) at this time. While I have been a long-time supporter of the objectives of the NSN – that is, to bring our safety message to hard-to-reach audiences – we have never done an analysis of the effectiveness of this campaign. Before investing substantial additional monies in a program like NSN, it seems to me that we should first analyze how and if it is actually helping us achieve the agency's objectives.

Until the program's effectiveness is appropriately measured, I offered an amendment to redirect these monies away from this and other marketing-related activities toward capital investment in modern equipment at the agency's new lab facility. For instance, the lab has identified equipment that will enhance the agency's ability to determine root causes of the failures of certain consumer products such as strollers and playpens without damaging these products by pulling them apart during inspection. That equipment is not funded in this budget. At this time of limited resources, it seems that investment in capital equipment should take priority over PR and marketing campaigns.

I am pleased that my colleagues accepted an amendment that I offered to reactivate the agency's long-dormant efforts to update our fireworks regulations. Deaths and injuries from fireworks has been a long-standing concern of this agency. With the passage of CPSIA, other rules were mandated and this rulemaking was therefore put on the back burner. Because the agency's fireworks regulations were promulgated many years ago, they need to be updated to recognize developments in these products. This rulemaking was initiated in 2006 and it is time to bring it to an appropriate conclusion.