



Consumer Federation of America

Testimony of Rachel Weintraub, Legislative Director and General Counsel

Consumer Federation of America

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Public Witness Hearing

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I am Rachel Weintraub, Legislative Director and General Counsel for Consumer Federation of America (CFA). CFA is an association of nearly 300 nonprofit consumer organizations across the United States that was founded in 1968 to advance the consumer interest through education, advocacy, and research.

CFA very much appreciates the opportunity to testify before you today. As a consumer organization we work on a broad array of consumer issues and work to strengthen our nation's consumer protection safety net. Today, I will focus on the Consumer Product Safety Commission, the Consumer Financial Protection Bureau, and the Securities and Exchange Commission.

Consumer Product Safety Commission

As an organization working to enhance product safety and prevent needless deaths and injuries, CFA strongly urges the House Appropriations Subcommittee on Financial Services and General Government to significantly increase funding for the U.S. Consumer Product Safety Commission (CPSC) in FY 2020 and to reject the inclusion of any policy riders that would undermine essential protections for consumers. The CPSC has a critical mission to protect the public from risks associated with consumer products, but its funding and staffing levels are insufficient to carry out the work necessary to fulfill this mission. The scope of work is enormous: for example, the CPSC reviews about 8,000 unintentional product-related death certificates each year, and is aware of at least 15.5 million emergency department-treated injuries per year associated with—if not necessarily caused by—consumer products.¹ In addition, the societal costs of consumer product incidents amount to more than \$1 trillion annually.² We urge you to significantly increase the CPSC's funding above the FY 2019 enacted level of \$127 million.

¹ U.S. Consumer Product Safety Commission, "2016 Annual Report to the President and Congress," at 6 and 11, available online at https://www.cpsc.gov/s3fs-public/CPSC_FY16_Annual_Report.pdf.

² U.S. Consumer Product Safety Commission, "Fiscal Year 2019 Performance Budget Request to Congress," available online at <https://cpsc.gov/s3fs-public/FY2019PBR.pdf>.

Established by Congress in 1972, the CPSC is charged with protecting the public from hazards associated with over 15,000 different types of consumer products. Its statutes give the Commission the authority to set mandatory safety standards; participate in voluntary safety standards; require labeling; remove defective products from the shelves and order product recalls and other corrective actions when necessary; collect injury, death, and incident data; and educate the public about consumer product safety.

In 1974, the first full year that the CPSC was operating, Congress appropriated \$34.7 million, which would be about \$175 million in today's dollars, accounting for inflation, and 786 FTEs to the agency. CPSC's staffing levels rose to a high of 978 employees in 1980 before facing severe and repeated cuts during the 1980s. The CPSC has 539 FTEs during this current fiscal year.

In July 2008, the bipartisan Consumer Product Safety Improvement Act (CPSIA) of 2008 overwhelmingly passed the House of Representatives by a vote of 424-1 and the Senate by a vote of 89-3. Section 201 of the CPSIA added a "General Authorization of Appropriations" to the CPSC's original statute due to the critical importance of ensuring that the CPSC has the resources to fulfill its product safety mission. Under this language, codified at section 32 of the Consumer Product Safety Act (15 U.S.C. 2081), the appropriations level for the CPSC in 2014 was authorized to be \$136,409,000. Unfortunately, the FY 2020 level of \$127 million is \$9 million less than that authorization for the CPSC four years earlier. We are concerned that the CPSC's FY 2020 Budget Request includes 539 FTEs, the same as 2019, and down from 552 in FY 2017. This proposed budget does not allow the CPSC to maintain its current workforce nor the workload needed to sufficiently protect the public.

In CPSC's Fiscal Year 2020 Performance Budget Request to Congress from this month, the CPSC included that the "CPSC, like all federal agencies, operates in a constrained fiscal environment. Unfortunately, the CPSC's funding level has been insufficient to keep pace with the evolving consumer product marketplace and staying abreast of issues such as e-commerce, analysis of expanding data streams, and modernization of data analysis tools. Specifically, the agency has had insufficient funding to meet its rising payroll costs to maintain staff at prior years' levels and also maintain the necessary IT systems, product analysis, and rent escalation costs. Consequently, the agency has made a number of unsustainable trade-offs, reallocating funding from capital investments and product analysis to cover rising payroll costs. Even with these shifts in funding, the agency cannot sustain the necessary workforce levels because payroll costs continue to move incrementally higher."³

In Appendix A of the CPSC's Fiscal Year 2020 Performance Budget Request, a list of unfunded priorities previously submitted by the Commission was included. This list includes: pay inflation; non-pay inflation; expansion of data analysis including exposure

³ U.S. Consumer Product Safety Commission Fiscal Year 2020 Performance Budget Request to Congress, March 2019, available online at https://www.cpsc.gov/s3fs-public/FY%202020%20Congressional%20Justification.pdf?2rDJohfEbN6lAgu5l_kLtcV3W1W_JNqo, page 7.

surveys and market scans, urgent care centers pilot, e-commerce, and retailer reporting; IT systems and security including incremental systems modernization, which includes SaferProducts.gov, and IT security; and Virginia Graeme Baker Pool and Spa Safety Act (VGB Act) Grant Program.⁴ The total costs of these unfunded priorities totals \$8 million, but the Commission needs significantly more resources to conduct research and finalize rulemaking to address emerging and documented hazards, and establish necessary mandatory standards for chronic and acute hazards associated with consumer products.

Consumers depend on the CPSC to protect them from unsafe products. We urge you to provide the agency with significantly more funding and oppose efforts to limit, through policy riders, the CPSC's authority or its activities supporting consumer product safety.

Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau has proven itself to be a transparent, deliberative, and data-driven agency. The CFPB has worked closely with consumers and the financial services industry to develop sensible safeguards against harmful and discriminatory products and practices. The CFPB has returned \$12.4 billion in relief to more than 31 million harmed consumers.⁵ The CFPB's authority and structure should be preserved. It is essential that the CFPB's independent funding be preserved as well. The CFPB should not be singled out as the only banking regulator without independent funding.

The CFPB's independent rulemaking authority should not be limited by establishing an unprecedented Congressional review and approval authority over CFPB rulemakings. This agency is critical to protecting consumers in the financial marketplace and we oppose ideological policy riders that have been proposed in the past that limit the CFPB's ability to fulfill its consumer protection mission.

Securities and Exchange Commission

The Securities and Exchange Commission (SEC) which is tasked with overseeing our nation's capital markets, has had a growing workload in recent years, but has not been provided sufficient resources to keep pace with that workload. This is particularly the case with regard to investment adviser oversight. In addition, funding long-term capital investments in information technology poses a significant challenge for the agency, which could and should be addressed by retaining the SEC's Reserve Fund. According to the SEC, its Reserve Fund has been "critically important in [their] efforts to keep pace with the rapid technology advancements occurring in [their] regulatory areas as well as meeting the challenges of cybersecurity."

<https://www.sec.gov/files/secfy18congbudgjust.pdf> Without access to these funds and the ability to make technology upgrades, however, the SEC will be at a continued disadvantage relative to industry. Constantly struggling to detect wrongdoing will ultimately hinder the agency's ability to protect investors, foster market integrity and promote capital formation.

⁴ Ibid at Appendix A, page 43.

⁵ CFPB, Standing up for you, <http://bit.ly/2tNs4Lu> Data updated on 6/12/2018.