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United States
CONSUMER PRODUCT SAFETY COMMISSION
Washington, D.C. 20207

CPSC/STO
SECRETARY
2001 Feb 28 P 2:35

BALLOT VOTE SHEET

DATE: February 28, 2001

TO : The Commission
Sadye E. Dunn, Secretary

FROM : Michael S. Solender, General Counsel *MS*

SUBJECT: Proposed Revision of Year 2002 Budget Request

BALLOT VOTE DUE: MAR 5 2001, 2001

The Executive Director, in the attached memorandum dated February 28, 2001, recommends a proposed revision to the Year 2002 budget request

Please indicate your vote on the following options

I. APPROVE THE REVISED 2002 BUDGET REQUEST AS PROPOSED

(Signature)

(Date)

II APPROVE THE REVISED 2002 BUDGET REQUEST WITH SPECIFIED CHANGES

(Signature)

(Date)

(b) CLERK:
 No Issue Identified

MS

NOTE: This document has not been reviewed or accepted by the Commission.
Initial MS Date 2/28/01

III. DO NOT APPROVE THE REVISED 2002 BUDGET REQUEST

(Signature)

(Date)

IV TAKE OTHER ACTION (please specify).

(Signature)

(Date)

Attachment



UNITED STATES
 CONSUMER PRODUCT SAFETY COMMISSION
 WASHINGTON, DC 20207

Memorandum

Date February 28, 2001

TO The Commission

THROUGH. Sadye E Dunn, Secretary *SD*
 Michael S Solender, General Counsel *MS*

FROM Pamela Gilbert *PG*
 Executive Director

SUBJECT Revision of 2002 Budget Request

This memorandum presents the staff recommendation on revising our 2002 budget for submission to Congress. The Office of Management and Budget's (OMB) allowance is \$54.2 million. This is a decrease of \$6.3 million from the request approved by the Commission in July 2000. It is, however, an increase of \$1.7 million over our 2001 appropriation of \$52.5 million.

The \$1.7 million increase will fund some basic cost increases for staff compensation. The increase will not, however, fully fund all of the cost increases facing us in 2002. Likewise, the increase will not fund any of the program initiatives proposed in the Commission request (Research, Laboratory Development, Information Technology, Special Investigations, and Operation SOS). Our revised estimate to fully maintain current program service is approximately \$2.7 million. The OMB allowance of \$1.7 million leaves the agency \$1.04 million short of our current services needs.

The staff has reviewed the budget and proposes the following adjustments to make up the \$1,040,000 shortfall. As we get closer to the start of 2002, we can modify these adjustments based on more up-to-date cost data and program needs.

First, we recommend reducing FTE funding by \$730,000, the equivalent of 9 FTEs. We would still maintain the 480 FTE level in our budget document because the lower FTE operating level will be achieved through normal attrition and hiring lapses. Maintaining the 480 level will also leave open the option of increasing the number of FTEs if savings accrue in other areas during the year.

Second, we recommend reducing contract support for compliance activities by \$200,000. We recommend restoring these funds as a top priority if savings appear in other areas at operating plan time and throughout the year.

Finally, we recommend reducing \$110,000 from other operating expenses, to be determined later.

(b) CLEARED:
 No info identified

NOTE: This document has not been reviewed or accepted by the Commission.
 Initial SD Date 2/28/01

Although we believe this recommendation makes the best use of the funding level for 2002, the reductions will have an adverse impact on our product safety work. Fewer staff will mean delays in important life-saving activities. The reductions in compliance contract funds will hamper our ability to respond to technically-complex product hazards in the marketplace. We used these funds in recent years to develop the scientific case to conduct a multi-million dollar recall of over 10 million defective fire sprinklers. These sprinklers were being used throughout the country, including the White House and the U S Capitol building. When we develop the 2002 operating plan and throughout the year, we will seek alternative savings wherever possible to minimize the impact on programs and FTEs.

I have attached a summary of the budget numbers and changes. The staff is available to answer any questions you may have before the ballot vote deadline. Upon your decision, the staff will revise the budget document and performance plan for submission to the Congress later this winter.

Please contact Ed Quist, Tom Murr, or me if you have any questions about this submission. Thank you.

Attachment

PROPOSED 2002 REVISED BUDGET

1. Summary:

• CPSC 2002 budget request approved in July	\$60,490
• OMB allowance	<u>54,200</u>
• Reduction	<u>\$ -6,290</u>

2. Reduction in Commission Request:

• Eliminate Program Initiatives:	
▪ Special Investigations	\$-1,000
▪ SOS Internet	-200
▪ Laboratory Development	-500
▪ Research	-1,000
▪ Information Technology	<u>-1,500</u>
Subtotal, Program Initiatives Reduction	\$-4,200
• Current Services:	
▪ Compensation	\$-3,430
▪ Non-Compensation	-210
▪ Space Rent	<u>-150</u>
Subtotal	\$-3,790
▪ OMB increase	<u>1,700</u>
Subtotal, Current Services	<u>\$-2,090</u>
• Total Reduction from 2002 Request	<u>\$-6,290</u>

3. Revised Staff Estimate for 2002:

• 2001 Appropriation	\$52,500
• Revised Current Services Requirement:	
▪ Compensation	2,622
▪ Space Rent	<u>118</u>
Subtotal, Revised Current Services Requirement	\$55,240
• OMB Allowance	<u>54,200</u>
• Current Services Cost to absorb	<u>\$1,040</u>

4. Allocation of \$1,040,000 Current Services Cost Absorption:

• Compensation:	
▪ Reduce funded FTEs by 9 from 480 to 471*	\$ -730
• Contracts:	
▪ Reduce Compliance support contracts	\$ - 200
▪ Reduce other operating expenses	<u>- 110</u>
• Total Current Services Cost Absorption	<u>\$-1,040</u>

*Note The budget document would continue to reflect 480 FTEs We cannot allocate possible FTE reduction because it will be achieved through attrition and may be partially or fully offset by other non-compensation savings during the 2002 operating plan