

**Testimony Submitted for the Record
U.S. House of Representatives
House Subcommittee on Commerce, Trade,
and Consumer Protection
April 29, 2010**

**Presented by
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Mr. Chairman, Ranking Member, and members of the Subcommittee, on behalf of Goodwill Industries International® (GII), thank you for this opportunity to provide testimony about the *Consumer Product Safety Enhancement Act of 2010*. Goodwill appreciates the Committee and its staff for sharing recent discussion drafts of the *Consumer Product Safety Enhancement Act*. Goodwill believes that the draft includes effective provisions that would address Goodwill's concerns about retroactively applying the CPSIA's sales ban on children's products manufactured before the law's implementation. Goodwill believes that the provisions in Section 3, pertaining to the selling of used children's products, would allow Goodwill to support its mission through the sale of used children's apparel within the letter and spirit of the law.

Goodwill Industries International (GII) represents 159 local and independent Goodwill agencies in the United States that help people with barriers to employment to participate in the workforce. One of Goodwill Industries' greatest strengths continues to be its entrepreneurial approach to sustaining its mission. In 2009, the Goodwill network raised nearly \$3.7 billion through its retail, contracts, and mission services operations. Nearly 83 percent of the funds Goodwill raised in 2009 were used to supplement government investments. Today more than ever people rely on Goodwill. In fact, in 2009, Goodwill collectively served almost 2 million people. This number represents a 26 percent increase compared to 2008. With the economy continuing to be sluggish, we expect that we will continue to see the number of people who turn to Goodwill for assistance to increase dramatically.

The roots of today's Goodwill began as a simple idea in 1902 when Rev. Edgar Helms set out to help poor immigrants in Boston's South End by collecting clothes and household items from wealthier Bostonians to provide clothing and household items for the struggling immigrants. He discovered, to his surprise, that the immigrants were too proud to simply accept the items. So he took his idea a step further by enlisting volunteers to repair, clean, and sell the items at reasonable prices. He used the revenue to provide wages to the workers – and the first Goodwill store was born.

Especially during such trying economic times, Goodwill is very proud of its long history of helping people to find jobs and advance in careers. As the nation struggles to recover from the worst recession since the Great Depression and unemployment stubbornly hovers near 10 percent, Goodwill remains committed to partnering with stakeholders at the federal, state, and local levels by contributing the resources and expertise of local Goodwill agencies in support of public efforts and investments.

Goodwill's first priority is and has always been the safety of its customers and the people it serves. Goodwill has a long history of working in good faith with the Consumer Product Safety Commission (CPSC) to prevent unsafe products from being sold in its stores. Local Goodwill retail professionals check the CPSC's product recall lists to identify any recalled and donated products. Those found to have been recalled are not placed on stores' shelves for sale and are taken out of circulation. In addition, agencies avoid selling known high-risk items, such as metal jewelry and painted toys. We continue to work closely with the CPSC to pursue our common goal of preventing people from purchasing unsafe products. By continuing these efforts, we

believe amending the CPSIA – by exempting the sale by charitable organizations of used children’s clothes from the CPSIA’s sales ban – would allow Goodwill stores to sell used children’s apparel while protecting our customers’ children.

I’d like to spend a moment of our time to discuss Goodwill’s business model, since it is very different than that of a traditional retailer with a national footprint. First, it is very important to keep in mind that Goodwill’s footprint in the U.S. is actually 159 local and independent community-based organizations’ footprints that collectively make up the Goodwill network in the U.S. Each local Goodwill agency’s autonomy allows it to be a true community stakeholder and partner. For example:

- In 2009, the Chicago Goodwill provided services for 1,233 individuals, with 255 placed into employment at an average wage of \$9.40 per hour. Goodwill is investing in two new Workforce Connection Centers—one in Englewood, the other in the West Loop—to provide free, self-directed employment services.
- In 2009, the Los Angeles Goodwill invested millions of its own earnings to subsidize one-stops that serve over 59,000 people. Over 4,000 went to work to support their families and improve the economic well being of their communities.
- Goodwills in Dallas and Fort Worth helped over 36,000 people enhance their economic opportunities with job training in office technology, accounting, and healthcare; paid transitional jobs with supports; job placement; and other services.

- The Detroit Goodwill engaged over 28,000 people in improving their basic academic skills, computer training, earning while they learned in transitional jobs, and job placement.

Second, the nature of the donated goods business means that most of Goodwill's products are each individually supplied through the generosity of people who donate unwanted clothes, household items, and furnishings. Inventory control systems that allow national retailers to purchase inventory; plan for its sale; and provide product specifics and information simply do not exist in the donated goods retail business. Before donated products can be placed for sale in a Goodwill store, they must be sorted and their price must be determined. In addition, our retail professionals check product recall lists to identify and dispose of any donated items that have been recalled – therefore ensuring that these dangerous items are removed from the consumer marketplace.

We believe the nature of the donated goods charity model supports the need for legislation to exempt human service organizations that sell used children's apparel, among other products, from the CPSIA's retroactive sales ban. Goodwill absolutely agrees that children should not be exposed to products that have dangerous lead levels. This is a moral value Goodwill holds, yet it also makes good business sense. Doing anything less would have enormous potential to damage the Goodwill brand, thus hindering Goodwill's ability to provide the employment and training services to people with employment challenges.

Goodwill has worked in collaboration with the CPSC to develop constructive solutions to this important issue, exploring potential courses of action that that would allow local Goodwill

agencies to demonstrate a good faith effort to comply with the new law, while selling used children's products at a reduced risk to our customers and our agencies. The result was an enhanced partnership with the CPSC to educate the public, and inform and train our retail professionals. Goodwill believes that these efforts demonstrate the gold standard of good faith on the part of both Goodwill and the CPSC toward accomplishing our mutual goal of protecting children. Goodwill also recognizes that the long-term solution requires Congress to take action.

Conclusion

Goodwill deeply appreciates this Subcommittee's willingness to develop draft legislation that would address the CPSIA's unintended consequences on charitable organizations, such as Goodwill, that resell donated items, including children's products, to support the delivery of mission services. Goodwill is grateful that Section 3 of the current discussion draft of the *Consumer Protection Safety Enhancement Act* directly reflects comments we recently transmitted to the Committee. Goodwill also believes that these provisions would allow Goodwill stores to support Goodwill's mission through the sale of used children's apparel within the letter and spirit of the law.

Members of the Subcommittee, again I thank you for the opportunity to discuss these concerns with you, and for pausing briefly to hold this hearing with Goodwill and other stakeholders to ensure that the final bill protects children from harm while enabling local Goodwill agencies to support their efforts to annually serve nearly 2 million people in local communities nationwide.