

Federal Trade Commission
Supporting Statement for Information Collection Provisions of
The Care Labeling Rule
16 C.F.R. 423
(OMB Control # 3084-0103)

Summary of Changes from Previously Approved Collection

There are no program changes for this renewal period. For this renewal, FTC staff have revised burden estimates and revised its Information Collection list as described below:

- *Annual Burden Hours:* FTC staff have revised their estimate of the percentage of industry participants who attach labels using fully automated systems that integrate labeling into other production steps. Based on industry knowledge, FTC staff estimate that 50 percent of manufacturers attach labels using fully automated systems that integrate labeling into other production steps, while the other half use a semi-automated process. These revised estimates have yielded a decrease in annual hours burden from 30,666,667 to 25,555,556 hours to attach labels.
- *Labor Costs:* FTC staff calculate labor costs by multiplying the annual burden hours estimate by relevant hourly labor costs derived from BLS wage data. As part of this analysis, FTC staff updated hourly labor costs using updated BLS wage data. Due to the reduction in annual hours burden estimate and updated BLS wage data, the estimated annual labor costs have changed from \$199,680,975 to \$163,973,040.
- *Information Collection List:* FTC staff have also revised the list of Information. Previously, the Information Collection accounting for the burden of attaching labels to covered items was divided between two separate ICs: (1) Attach Labels-I and (2) Attach Labels-II. For this renewal, FTC staff have consolidated these two ICs and the associated burden estimates under a single IC now titled “Attach Labels.” Following this consolidation, the IC titled “Attach Labels-I” has been removed.

1. Necessity for Collecting the Information

In 1971, the Federal Trade Commission (“FTC” or “Commission”) determined that it is unfair or deceptive to sell textile clothing (and piece goods used to make textile clothing) without providing basic care information to consumers.¹ The Commission found that, absent care information, consumers suffer substantial economic injury when they are unable to shop for clothing on the basis of care characteristics, and when they use improper care procedures that damage clothing. Accordingly, the Commission issued a trade regulation rule to require permanent labels that fully inform purchasers about how to care for and maintain textile clothing.

¹ 36 FR 23,883 (1971).

The Commission's Trade Regulation Rule on Care Labeling of Textile Wearing Apparel and Certain Piece Goods as Amended ("Care Labeling Rule" or "Rule"), 16 C.F.R. § 423, requires manufacturers and importers to attach a permanent care label to all covered, non-exempted textile clothing. Also, manufacturers and importers of piece goods used to make textile clothing must provide the same care information on the end of each bolt or roll of fabric. This information must fully disclose either washing or dry cleaning instructions, or that the item cannot be cleaned if such is the case. If washing instructions are given, the label must also disclose a drying procedure and, in some circumstances, bleaching and ironing care. If dry cleaning instructions are given, the appropriate solvent(s) must be disclosed if all solvents cannot be used. Use of standardized terminology is suggested, but not required, for all care instructions. For exempted items, the Rule requires disclosure of care instructions on a hang tag, on the package, or in some other conspicuous place.

2. Use of the Information

Consumers use the information disclosed on care labels to make purchase decisions and to avoid ineffective garment care practices that may damage to garments. Professional cleaners also use the information to avoid damaging garments and ineffective care procedures. Textile products that are used to make clothing comprise a vast array of fibers, fabrics, and finishes. Each of these products may have unique care performance characteristics and require the use of specific care techniques. The large number of products on the market makes it impracticable for consumers and professional cleaners to be informed about appropriate care practices. If manufacturers and importers of these products did not disclose care instructions to prospective purchasers, consumers would be unable to determine with certainty what care procedures to employ. In addition, consumers would not have the opportunity to consider care requirements, along with other product attributes, in making informed choices among available textile clothing products.

3. Consideration of the Use of Improved Information Technology to Reduce Burden

Effective disclosure of care information to consumers entails labeling on garments themselves so that consumers can be informed of proper care procedures at the time of purchase and at the time of care; thus, providing an option for electronic disclosure pursuant to the Government Paperwork Elimination Act, Pub. L. No. 105-277, Title XVII, 112 Stat. 2681-749, is impracticable.

4. Burden/Efforts to Identify Duplication/Availability of Similar Information

Except for a limited requirement under the Flammable Fabrics Act regulations, see 16 C.F.R. §§ 1602-1632, there is no other federal or state law or regulation that requires care labeling of textile clothing. The Care Labeling Rule provides that, in the event of a conflict between its provisions and the rules issued under the Flammable Fabrics Act, the latter will take precedence.² During the 1983 amendment proceeding, the Commission

² 16 C.F.R. § 423.9.

found that there were no known conflicts between the two sets of regulations.³

5. **Efforts to Minimize Burden on Small Businesses**

The Commission has minimized the burden on all businesses in a number of ways. Except for certain exempted items, the Rule requires a label disclosing a method of care or that the item cannot be cleaned if such is the case. In August 2000, the Commission considered but decided not to require instructions to disclose alternative methods of care. *See* 65 Fed. Reg. 47261 (2000). If an item is both washable and dry cleanable, the Rule might have required the care label to include instructions for both methods. By not requiring the disclosure of more than one care method, the Rule has avoided imposing additional costs to establish a reasonable basis for the additional care method. However, the Rule does not prohibit the disclosure of more than one method of care. Thus, manufacturers that wish to include more information may do so, provided they have a reasonable basis for each method listed on the label.

One of the principal considerations in the Commission's 1983 Rule amendment proceeding was how to improve care information while reducing unnecessary burdens on industry. To accomplish these ends, the Rule outlines the necessary elements for both washing and dry cleaning instructions. A warning system of labeling, that succinctly identifies cleaning methods to avoid, is used to minimize the number of words necessary to give a complete care instruction. The Rule provides includes a glossary of standardized care terms to assist manufacturers or importers in drafting a complete instruction and ensure that instructions can be more easily understood.⁴

Manufacturers must have a reasonable basis for the care information they provide on labels, because such information constitutes a material claim. During the 1983 amendment proceeding, the Commission considered (but did not adopt) specific testing and recordkeeping requirements. Instead, the Rule describes six categories of evidence that may be used to establish a reasonable basis ranging from product tests to "other reliable evidence."⁵ The firms' experience, other industry expertise, current technical literature, and similar reliable evidence may provide the required reasonable basis. A recordkeeping requirement was not considered necessary for Commission enforcement purposes.

Evidence in the rulemaking record showed that retailers of piece goods were not, in many cases, providing consumers the care labels supplied by the manufacturers. However, the record also showed that the majority of consumers who did receive the labels did not sew them into homemade garments. Based on this information, the Commission decided not to impose a duty of distributing such labels and relieved the piece goods manufacturers of the obligation to supply such labels. Instead, such manufacturers must now only put the care instructions on the end of each bolt or roll of cloth.

³ 48 Fed. Reg. 22,741 (1983).

⁴ 16 C.F.R. § 423, Appendix A.

⁵ 16 C.F.R. § 423.6(c).

The original Rule required industry members to petition the Commission for all exemptions and to submit samples or tests to support such petitions. The 1983 amendments retained this petition system only for products that the manufacturer or importer claim would be harmed in appearance by the requirement for a permanent label.⁶ No industry member has requested an exemption since 2000. The other permitted exemptions apply automatically, based on a manufacturer's or importer's determination that a product meets the criteria listed in the Rule. Thus, if a product meets the criteria, it is not necessary to file a request for this exemption with the Commission.

6. Consequences of Conducting Collection Less Frequently

The public disclosure required by this Rule consists of placing a single label on each garment as it is manufactured or imported. Because this information is necessary to assist consumers in making informed purchasing decisions, it is not feasible to modify the timing of these disclosures.

7. Circumstances Requiring Collection Inconsistent with Guidelines

The disclosures required by this Rule are consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

8. Solicitation of Comments/Consultation Outside the Agency

The FTC sought public comment on its request to OMB for a three-year extension of the current PRA clearance for the information collection aspects of the Rule, as required by 5 CFR § 1320.8(d). *See* 85 Fed. Reg. 71900 (Nov. 12, 2020). No relevant comments were received. The FTC is providing a second opportunity for public comment while seeking OMB approval to extend the existing PRA clearance for the Rule.

In addition, the Commission recently sought comment on proposed revisions to the Rule as part of an ongoing retrospective review proceeding. *See* 85 FR 44485 (July 23, 2020).

9. Payments or Gifts to Respondents

Not applicable. The Rules does not provide for any payments or gifts to respondents.

10. & 11. Assurances of Confidentiality and Matters of a Sensitive Nature

Not applicable. The Rule does not require the submission of any information of a sensitive or confidential nature. The requirements for which the Commission seeks OMB clearance do not involve disclosure of confidential or sensitive information but, rather, the labeling of products with information regarding the appropriate care of covered products.

⁶ 16 C.F.R. § 423.8(d).

12. Estimated annual hours burden: 27,489,476 hours (solely relating to disclosure).⁷

Staff estimates that approximately 10,744 manufacturers or importers of textile apparel, producing about 18.4 billion textile garments annually, are subject to the Rule’s disclosure requirements. Staff estimates the burden of determining care instructions to be 100 hours each year per firm, for a cumulative total of **1,074,400 hours**.

Staff further estimates that the burden of drafting and providing labels is 80 hours each year per firm, for a total of **859,520 hours**. Staff estimates that the process of attaching labels is fully automated and integrated into other production steps for 50 percent (approximately, 9.2 billion) of the approximately 18.4 billion garments that are required to have care instructions on permanent labels.⁸ For the remaining 9.2 billion items, the process is semi-automated and requires an average of approximately ten seconds per item, for a total of **25,555,556 hours** per year. Thus, the total estimated annual burden for all firms is **27,489,476 hours** (1,074,400 hours to determine care instructions + 859,520 hours to draft and order labels + 25,555,556 hours to attach labels).

Estimated annual cost burden: \$187,184,518 (solely relating to labor costs). The chart below summarizes the total estimated costs.

Task	Hourly Rate ⁹	Burden Hours	Labor Cost
Determine care instructions	\$ 29.00	1,074,400	\$31,157,600
Draft and order labels	\$ 18.00	859,520	\$15,471,360
Attach labels	\$ 5.50 ¹⁰	25,555,556	\$140,555,558
TOTAL			\$187,184,518

⁷ The Care Labeling Rule imposes no specific recordkeeping requirements. Although the Rule requires manufacturers and importers to have reliable evidence to support the recommended care instructions, companies may rely on current technical literature or past experience rather than testing.

⁸ Approximately 1 billion of the estimated 19.4 billion garments produced annually are either not covered by the Care Labeling Rule (gloves, hats, caps, and leather, fur, plastic, or leather garments) or are subject to an exemption that allows care instructions to appear on packaging (hosiery).

⁹ All hourly rates except for “Attach labels” are rounded to the nearest dollar and drawn from the U.S. Dep’t of Labor, Bureau of Labor Statistics, “Table 1. National employment and wage data from the Occupational Employment Statistics survey by occupation, May 2019,” at <https://www.bls.gov/news.release/ocwage.t01.htm>. The hourly labor cost estimate for determining care instructions is based on mean hourly rates for Office and Administrative Support Supervisors and the estimate for drafting and ordering labels is based on mean hourly rates for Information and Record Clerks.

¹⁰ For imported products, the labels generally are attached in the country where the products are manufactured. According to information compiled by an industry trade association using data from the U.S. Department of Commerce, International Trade Administration and the U.S. Census Bureau, approximately 97.5% of apparel purchased in the United States is imported. With the remaining 2.5 % attributable to U.S. production at an approximate domestic hourly wage of \$12 to attach labels (derived from the U.S. Dep’t of Labor, Bureau of Labor Statistics, “Occupational Employment Statistics—May 2019” which is cited in footnote nine), staff has calculated a weighted average hourly wage of \$5.50 per hour attributable to U.S. and foreign labor combined. Wages in major textile exporting countries, factored into the above hourly wage estimate, were based on data from the U.S. Department of Labor, Bureau of Labor Statistics, available at: <http://www.bls.gov/fls/#compensation>.

13. Estimated Capital or Other Non-Labor Costs

Staff believes that there are no current start-up costs or other capital costs associated with the Care Labeling Rule. Because the labeling of textile products has been an integral part of the manufacturing process for decades, manufacturers have in place the capital equipment necessary to comply with the Rule's labeling requirements. Based on knowledge of the industry, staff believes that much of the information required by the Rule would be included on the product label even absent those requirements.

14. Estimated Cost to the Federal Government

Staff estimates a representative year's cost imposed by the Rule during the course of the three-year clearance period sought will be approximately \$100,000. Attorney, clerical, and other support staff costs are included in this estimate, as are employee benefits.

15. Program Changes or Adjustments

There are no program changes for this renewal period. Changes in burden estimates for this renewal period result from revised FTC staff estimates. In addition, FTC staff have revised the list of Information Collections, as described below.

For this renewal period, FTC staff have revised their estimate of the percentage of industry participants who attach labels using fully automated systems that integrate labeling into other production steps and those for whom labeling is semi-automated. As discussed in Section 12, FTC staff estimates based on its industry knowledge that, for 50 percent (an increase from staff's previous estimate of 40 percent) of the approximately 18.4 billion garments that are required to have care instructions on permanent labels, the process of attaching labels is fully automated and integrated into other production steps. For the remaining 9.2 billion items, staff estimates that the process is semi-automated and requires an average of approximately ten seconds per item to attach labels. This yields a total of 25,555,556 hours per year for attaching labels. FTC staff estimates that this change in estimated use of automation results in a decrease in annual hours burden from 30,666,667 to 25,555,556 hours to attach labels. Staff has also updated the hourly labor rates used for calculating labor costs based on updated BLS data resulting in minor changes to annual cost burden estimates.

In addition, FTC staff have revised the list of Information Collections as part of this clearance renewal. Previously, due to the large burden estimate, the Information Collection accounting for the burden of attaching labels to covered items was divided between two separate ICs: (1) Attach Labels-I and (2) Attach Labels-II. For this renewal, FTC staff have consolidated the burden estimate under a single IC now titled "Attach Labels" and removed the IC titled "Attach Labels-I" (i.e., the burden associated with this removed IC is now included under the revised "Attach Labels" IC).

16. **Statistical Use of Information**

There are no plans to publish any information for statistical use.

17. **Display of the Expiration Date for OMB Approval**

Not applicable.

18. **Exceptions to the Certification for Paperwork Reduction Act Submissions**

The FTC certifies that this collection of information is consistent with the requirements of 5 CFR 1320.9, and the related provisions of 5 CFR 1320.8(b)(3), and is not seeking an exemption to these certification requirements.