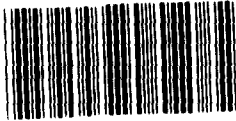


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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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FOR RELEASE ON DELIVERY
EXPECTED AT 10:30 A.M.
AUGUST 1, 1985

STATEMENT OF
J. DEXTER PEACH, DIRECTOR
RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON TELECOMMUNICATIONS,
CONSUMER PROTECTION, AND FINANCE
HOUSE COMMITTEE ON ENERGY AND COMMERCE
ON
THE NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION'S
ACTIVITIES INVOLVING FORD TRANSMISSION "PARK-TO-REVERSE" INCIDENTS

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to be here today to discuss our ongoing review of actions taken by the National Highway Traffic Safety Administration (NHTSA) in connection with the Ford transmission park-to-reverse case. Our work on this case is being done both at your request and the request of the Chairman of the Subcommittee on Oversight and Investigations, House Committee on Energy and Commerce. While both requests deal with NHTSA's handling of the Ford transmission case, some of the areas in which each of the requesters expressed interest are different. We plan

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to issue separate reports to each requester containing a common body of information and answering the specific questions of each. Since we have not yet completed all work to satisfy both requests, the information we provide today should be considered tentative.

You asked that our testimony today address three specific areas: (1) NHTSA's efforts to monitor the December 30, 1980, agreement between the Department of Transportation and Ford Motor Company settling NHTSA's investigation of the Ford park-to-reverse case; (2) incident, accident, and fatality statistics related to this case; and (3) NHTSA's campaign to inform the public of the potential park-to-reverse safety problem. The attachment describes our scope of work to address those three issues.

Briefly summarized, our analysis of the information we obtained on these three areas shows that:

- NHTSA has taken action to monitor the settlement agreement by continuing to obtain incident, accident, and fatality statistics. Much of NHTSA's monitoring activity has been prompted by the urging of interested parties, including this Subcommittee. NHTSA did not view its monitoring responsibilities to include determining the extent to which labels reminding vehicle owners of certain safety operations were placed on the vehicles. These labels together with a letter describing certain safety precautions to be followed when parking a vehicle, were the cornerstone of the settlement agreement with Ford, and were sent by Ford to all owners of 1970-79 Ford vehicles.
- Using incident and accident data NHTSA developed as well as data supplied by Ford in May 1985, NHTSA concluded that

both the numbers and rates of park-to-reverse incidents and accidents involving 1970-79 model year Ford vehicles has declined in every calendar year since the 1980 settlement. In contrast, however, statistics on the fatality rate for the same model year Ford vehicles show a decline in 1981, the first year after the letters and labels were issued, and an increase since that time.

--NHTSA has undertaken a public awareness campaign directed at instructing drivers on how to properly and safely park their vehicles. This involved issuing a general news release on safe driving practices, providing a "live-copy" radio public service announcement to 1,900 radio stations, and distributing an article to an estimated 4,000 publications. None of this material specifically identified Ford. NHTSA has also changed the language it uses in responding to consumer telephone calls and written inquiries to be more specific about the NHTSA park-to-reverse investigations and the potential safety problem of leaving a motor vehicle unattended with its motor running.

The remainder of my testimony addresses each of these issues in more detail. But first, I believe it would be useful to briefly review the chronology of events concerning this case.

CHRONOLOGY OF MAJOR EVENTS

On October 18, 1977, NHTSA opened an investigation of Ford vehicles¹ equipped with certain automatic transmissions. The investigation was opened on the basis of 31 reports of Ford vehicles which failed to hold or engage in park resulting in the unexpected movement of the vehicle. In June 1980, NHTSA made an initial determination that a safety defect existed involving model year 1970-79 Ford vehicles. In its report containing the initial determination, NHTSA stated that it had received over 23,000 reports of failures involving more than 12,000 vehicles, received from Ford and from consumers, either directly or through state and private consumer groups. In August 1980, NHTSA held a public hearing to provide Ford an opportunity to present its views. Following that hearing, on October 3, 1980, in a memorandum to the Secretary, the NHTSA Administrator recommended that a final determination of a safety-related defect be declared. Rather than make a final defect determination and order a vehicle recall, the Secretary entered into a settlement agreement with Ford.

Under the settlement agreement, signed on December 30, 1980, the Department of Transportation and Ford agreed that Ford would send letters and adhesive labels to the owners of all vehicles covered by the initial determination of a defect (an estimated 22-million vehicles). The letter urged recipients to place the

¹Model years prior to 1970 were not included in the investigation because they were not within NHTSA's recall authority under the National Traffic and Motor Vehicle Safety Act, which contains an 8-year statute of limitations.

label in a conspicuous place in their motor vehicle, such as the dashboard or sun visor. The letter and label reminded the owners of three safety precautions to be followed before leaving their vehicle: put the vehicle in park, set the parking brake fully, and shut off the ignition. In return for this action by Ford, the Department agreed to close the case but reserved the right to take further action if warranted by the development of new facts.

In March 1981, the Center for Auto Safety, a private organization, filed suit challenging the Secretary's decision to settle the case in the above manner as being arbitrary, capricious, and an abuse of his discretion. In October 1981, the U.S. District Court for the District of Columbia held that the Secretary's decision was not arbitrary and capricious or an abuse of his discretion. The Court of Appeals for the District of Columbia affirmed that decision in August 1982.

In July 1983, this Subcommittee held oversight hearings on the Ford transmission case. In the course of the hearings, NHTSA agreed to monitor the settlement agreement, conduct a public information campaign, and investigate fatalities related to Ford park-to-reverse incidents.

On March 6, 1985, the Center for Auto Safety, in concert with 19 additional organizations and 2 individuals, petitioned NHTSA to again investigate the park-to-reverse matter. On July 12, 1985, NHTSA rejected the petition.

NHTSA'S MONITORING OF FORD ACTIONS

In the years following the settlement, NHTSA has made commitments to monitor the agreement. One such commitment was made in

March 1982 to the U.S. Court of Appeals, in which NHTSA stated it would monitor the settlement agreement to assess its success. As previously mentioned, another was made during the 1983 oversight hearings before this Subcommittee, when the NHTSA Administrator stated that NHTSA would monitor the case and investigate all fatal accidents involving Ford transmissions.

In a July 26, 1983, letter to Chairman Wirth of this Subcommittee, NHTSA clarified its definition of the commitment made to the Court of Appeals to monitor the settlement agreement. It stated that its commitment was to monitor the results of the agreement and the complaint rate rather than individual actions by vehicle owners to place the labels in their vehicles.

Using this definition, NHTSA has continued to gather complaint rate data. The agency has corresponded with Ford 13 times since the close of the investigation in May 1981. Most of the correspondence was prompted by outside sources such as the Center for Auto Safety and this Subcommittee. Three of the letters were initiated by NHTSA.

In the July 26, 1983, letter, the Administrator also stated that the agency did not view its monitoring responsibilities to include determining the extent to which labels were placed on the vehicles. While displaying the labels is important, NHTSA believes the letter to the owners, which had more detailed information, served as the primary mechanism for alerting owners to the safety precautions. NHTSA, in July 1983 correspondence with Chairman Wirth, cited a reduction in deaths and injuries as evidence that owners are taking the precautions indicated.

In terms of its commitment to investigate Ford fatalities, in an October 3, 1983, letter to Chairman Wirth, the NHTSA Administrator clarified that investigations would not be conducted on all park-to-reverse Ford fatalities but would be limited only to those fatalities reported after the October 3 letter. Investigations would be conducted only where there was insufficient information to establish whether the fatality was related to a park-to-reverse incident. Prior to this commitment, NHTSA had not investigated any Ford fatalities since the settlement agreement. In October 1983, NHTSA contracted with GAB Business Services, Inc., to conduct fatality investigations. The first post-settlement investigation by the contractor began in January 1984. As of July 15, 1985, 33 investigations have been conducted.

INCIDENT, ACCIDENT, AND FATALITY STATISTICS

There has been, and continues to be, considerable controversy surrounding the validity and use being made of the incident, accident, and fatality statistics. Because of this controversy, we examined the sources and reliability of the data.

NHTSA has reported that incident and accident data indicates the number and rate of such events involving 1970-79 model year Ford vehicles has declined in every calendar year since the December 1980 settlement. Conversely, as reported by NHTSA and confirmed by us, the fatality data shows that while there was a decline in the first year following the settlement there has been an overall increase in the fatality rate since that time.

Regarding the incident and accident data, NHTSA, prior to the settlement agreement, had developed an extensive data base. It

contained over 23,000 reports, involving more than 12,000 vehicles, received from Ford and from consumers, either directly or through state and private consumer groups. In early 1980, NHTSA discontinued entries into the data base in order to finalize the statistical results which were used in the June 1980 initial defect determination report. Reports received between early 1980 and the December 30, 1980 settlement were never entered into a data base. According to NHTSA officials, the entire data file, including computer tapes and support documents, were sent to storage. During the investigation, Ford criticized that data base as being flawed and misleading.

Shortly after the settlement, NHTSA established a new data base of incidents reports received since the settlement. As of July 1985, this data base contains about 1,700 entries. While we have not completed a detailed examination of these entries, we have ascertained that they consist of unverified incident and accident reports.

Ford has also maintained a data base. It includes a listing of some 19,000 incident and accident reports involving 1966-84 model year vehicles and include statistics compiled by Ford during and subsequent to the agency's investigation. In submitting the data to NHTSA, Ford described these statistics as being largely unverified reports or complaints alleging unexpected vehicle movement. It is based on letters and telephone calls from owners; letters from attorneys and insurance companies; lawsuits; news clippings; and Center for Auto Safety and other parties' submissions to NHTSA which have been forwarded to Ford. NHTSA

accepted the Ford data as being the most comprehensive data available and used these statistics as the principal information to conclude that the absolute number and the rates of reported incidents and accidents have declined in every calendar year since the December 1980 settlement.

In contrast to the information contained in incident and accident reports, fatality reports tend to have considerable documentation and independent verification, including police and coroner reports. In addition, NHTSA has had contractors conduct independent investigations where sufficient information was not available to judge whether the fatality was a park-to-reverse case.

Reports of Ford park-to-reverse fatalities have been received from various sources, including individual consumers, the Center for Auto Safety, Ford Motor Company and its representatives, and NHTSA's own Fatal Accident Reporting System. We verified that the NHTSA files include all the cases reported by these various sources. As of June 1985, this data base consists of a total of 446 reports of fatalities that involve Ford vehicle model years 1960-84. Of these 446 fatality reports, 336 involve 1970-79 Ford vehicles. The 336 figure includes 110 fatalities reported before the December 30, 1980, settlement agreement and 226 reported after the agreement. Of the fatalities reported after

the agreement, 88 occurred before and 138 occurred after the agreement.

Not all of the reported park-to-reverse fatalities may be caused by a failure to hold or engage in park. Ever since its initial determination of a defect in June 1980, NHTSA has attempted to evaluate each case, sorting out those fatalities that seem unlikely to have been caused by such a failure.

NHTSA has varied its methodologies for evaluating these cases. However, NHTSA has never established specific written criteria for judging park-to-reverse fatality reports. For example, at the time of the initial defect determination in June 1980, reported cases were excluded from its fatality statistics when NHTSA's legal counsel felt they could not successfully be defended as park-to-reverse-related and when deaths occurred more than 30 days after the accident. When NHTSA testified before this Subcommittee in July 1983, it excluded all reports involving intoxicated drivers or possible mechanical problems in the vehicle.

In responding to the March 1985 petition by the Center for Auto Safety, NHTSA officials advised us that they made an attempt to correct any biases that may have crept into their prior methodology. Briefly described, a panel of three NHTSA staff engineers reassessed all reported Ford park-to-reverse fatality cases received by NHTSA. For each reported fatality, the panel made a judgment based on the evidence available as to whether the accident was definitely related to the subject problem (yes), or was definitely not related (no). Reports for which the panel found

insufficient evidence to support either a "yes" or a "no" judgment were categorized as possibly related to the problem (possible).

Using its new methodology, the NHTSA panel judged the 336 fatalities involving 1970-79 Ford vehicles. Of these fatality reports, 180 have been judged to be yes, 77 to be no, and 79 to be possible. We have developed a graph, which is attached to this statement, that plots the rate of occurrence of these fatalities for each year from the first year in which a case occurred, 1971, through the end of 1984, the last full calendar year. The rate is expressed as the number of fatalities per million vehicles on the road. Statistics on the fatality rate for 1970-79 model year Ford vehicles show an overall increase for the period 1971-84, a decline in 1981, the first year after the warning letters and labels were issued, and an increase since that time.

Caution should be exercised in interpreting the data from this graph. For example, data points on the graph for the earlier years may be low since NHTSA did not collect fatality reports until 1977. Also, it is not known what further fatality reports might be received for any of these years, especially the more recent years.

This data differs from the graph of Ford park-to-reverse fatalities submitted to this Subcommittee by NHTSA in 1983, which showed a sharp decline since the settlement. The differences can be explained in several ways. NHTSA's overall data base of alleged Ford park-to-reverse fatalities has nearly doubled since 1983; and, as noted earlier, all cases on file have been reevaluated using a different methodology. Also, our graph combines the

count of fatalities for each year with the estimated number of Ford vehicles on the road in order to establish a fatality rate. NHTSA's graph did not contain fatality rate data. Finally, our graph ends in 1984 with the last fully reported calendar year rather than with a partial year.

Park-to-reverse-related fatalities have also been reported for vehicles produced by manufacturers other than Ford. These manufacturers include General Motors (GM), Chrysler, and American Motors Corporation (AMC). As of June 28, 1985, NHTSA has on file 267 reports of fatalities involving such manufacturers. These reports have been received since the December 30, 1980, Ford settlement. Of these, 177 involve GM vehicles, 70 involve Chryslers, 9 are AMC, 6 are spread among other manufacturers, and in 5 cases the records did not indicate the make of the vehicle.

The 267 non-Ford cases span model years 1960 to 1985. To be consistent with our data on Ford fatalities, we have limited our non-Ford fatalities' statistics to model years 1970-79. NHTSA's evaluation of these cases, using the same three-member panel process by which it evaluated the Ford cases, identified 172 fatalities. Of these, 46 fatalities were judged to be park-to-reverse-related, 62 not to be related, and 64 to possibly be related.

THE PUBLIC AWARENESS CAMPAIGN

In this Subcommittee's July 1983 hearings, the NHTSA Administrator made a commitment to inform the public about the importance of not leaving a vehicle unattended with its motor running. This commitment included issuing press releases and articles;

strengthening the language used on the NHTSA Hotline and in written responses to inquiries; and considering steps to inform the elderly of the potential hazard. In 1984, NHTSA began a public awareness campaign directed at instructing drivers on how to properly and safely park their vehicles. The agency issued a general news release on safe driving practices, provided a "live-copy" radio public service announcement on two occasions to 1,900 radio stations; and prepared and distributed one article to an estimated 4,000 weekly newspapers; and also to the Consumer Product Safety Network News Letter, the Journal of Traffic Safety Education, and the American Automobile Association Club Editorial Service. These actions took place between October 1984 and July 1985. Since there was no final defect determination, NHTSA chose to mount a generic public awareness campaign rather than identify a specific manufacturer.

No information is available on how many of the 1,900 radio stations and the 4,000 newspapers actually used the information nor how many times and when the information was broadcast.

NHTSA did, in 1983, change the language used in responding to consumer hotline calls and written inquiries to be more specific about the NHTSA Ford park-to-reverse investigation and the potential safety problem associated with these vehicles. To inform the elderly, NHTSA at one point stated in correspondence to Chairman Wirth that it would explore inserting parking precaution reminders to the elderly into envelopes containing their social security checks. Subsequently, the NHTSA Administrator decided against such a mailing because of its cost.

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Mr. Chairman, this concludes my statement. I will be happy
to respond to any questions you may have at this time.

Attachment

A DESCRIPTION OF GAO'S SCOPE

In addressing the three areas discussed in our testimony, we held extensive discussions with officials of NHTSA, the Center for Auto Safety, Ford Motor Company, General Motors (GM), Chrysler, American Motors Corporation (AMC), and selected foreign auto manufacturers.

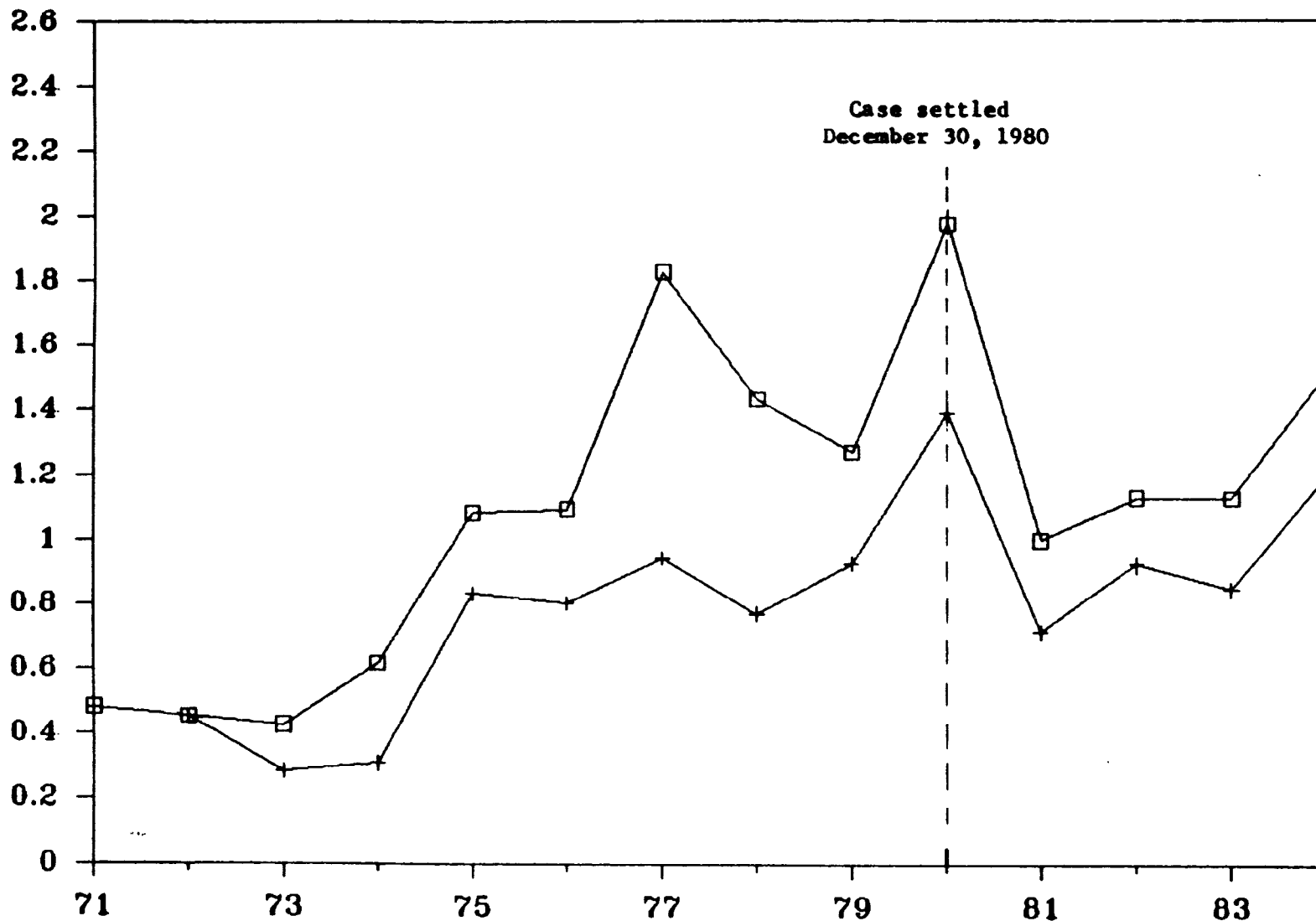
In examining NHTSA's monitoring of the settlement, we reviewed the settlement agreement and related documents; developed a chronology of monitoring actions taken by NHTSA; and held extensive discussions with NHTSA officials as to their interpretation of those commitments as well as their actions to comply with them.

In developing the statistics, our review included obtaining data on incidents, accidents, and fatalities. In compiling this information, we reviewed data maintained by NHTSA, the Center for Auto Safety, and Ford Motor Company. We reviewed NHTSA and Ford's data on incidents and accidents, including making a limited review of reports received by both NHTSA and Ford. We also reviewed NHTSA's data on park-to-reverse fatalities involving vehicles manufactured by Ford and established a data base of all such fatalities. The data base includes the name of the individual involved, the model year of the vehicle, the fatality date, and the date the fatality was reported to NHTSA. We also obtained fatality data relating to Ford park-to-reverse incidents available from the Center for Auto Safety and compared this data to NHTSA's

files. We summarized the incidence of fatalities before and after the settlement agreement. We held extensive discussions with NHTSA and Center officials to determine how they obtained fatality data and how such data was classified. We also obtained data on non-Ford fatalities from the Ford Motor Company and NHTSA. Discussions concerning the non-Ford fatalities were held with representatives of Ford, GM, Chrysler, AMC, and selected foreign manufacturers.

In examining NHTSA's public information campaign, we identified the agency's specific activities designed to inform the public about the danger of leaving an unattended motor vehicle with the motor running. Finally, we held discussions on these matters with both the current Administrator and the NHTSA Administrator at the time of the investigation.

**Fatalities Per Million Vehicles on the Road Occurring Between 1971 and 1984
Involving 1970 to 79 Vehicles Manufactured by Ford Motor Company¹**



¹The top line indicates fatality reports judged by NHTSA to be definitely (yes) or possibly (possible) Ford park-to-reverse incidents. The bottom line indicates only those fatality reports judged by NHTSA to be definitely (yes) Ford park-to-reverse incidents.

Source: Prepared by GAO from NHTSA park-to-reverse fatality records.

ATTACHMENT

ATTACHMENT