



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

SEP 20 1979

Ms. Joan Claybrook, Administrator
National Highway Traffic Safety
Administration
Department of Transportation AGC00425



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Dear Ms. Claybrook:

L/A

As you know, we are making an audit of the National Highway Traffic Safety Administration's (NHTSA) highway safety research and development activities under section 403 of the 1966 Highway Safety Act. During our audit we have inquired about the nature and status of section 403 funding. We have noted two issues which warrant your attention at this time concerning the lack of support for using section 403 funds. AGC00425

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The first issue concerns about \$15 million of general administrative expenses related to overall direction and coordination of operations and research. These administrative expenses are funded from two sources--about 40 percent from funds of section 403 of the Highway Safety Act and 60 percent from funds of the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act. Section 403's share of general administrative expenses is based on a detailed study performed by NHTSA's Office of Budget in the early 1970s; however, Budget officials said the study cannot now be found.

Since the early 1970s, NHTSA has alternately placed emphasis on section 403 demonstrations, motor vehicle rulemaking, compliance with Federal laws, and research and development for both motor vehicle and highway safety. Also, during that time reorganizations have taken place in the agency, general administrative expenses for operations and research have almost doubled, and funding levels have fluctuated.

Because of these changes and the fact that the basis for the allocation percentage is not available, we believe that the method of funding general administrative expenses needs to be reexamined. Therefore, we recommend that NHTSA

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determine and document section 403's fair share of general administrative expenses to assure that the share is equitably based on activities which it supports.

The second issue concerns NHTSA's National Center for ~~Statistics and Analysis~~ (NCSA). The Center conducts motor vehicle and highway safety research and development projects in support of both the National Traffic and Motor Vehicle Safety Act and section 403 of the Highway Safety Act. Some NCSA projects are primarily related to one or the other of these safety areas while other projects relate to both safety areas. Funds from the two acts are pooled for use in NCSA projects; however, no effort is made to determine how much research supports motor vehicle safety and how much supports highway safety. NHTSA's Office of Budget has determined that section 403's share of NCSA's projects' cost is about 40 percent based on a comparison of section 403 and motor vehicle annual appropriations. However, there is no documentation to show that 40 percent is fair and reasonable. Therefore, we recommend that NHTSA formulate a method of determining the appropriate share of section 403 funds used by NCSA to support section 403 activities.

We would appreciate your response to the issues raised in this letter and would like to be informed of any actions taken as a result of our recommendations. A response by November 1, 1979, will enable us to fully consider your views before our reporting date.

Sincerely yours,



Hugh J. Wessinger
Associate Director