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STATEMENT OF

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BEFORE THE

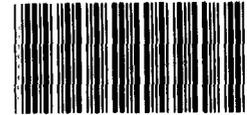
HOUSE SUBCOMMITTEE ON TELECOMMUNICATIONS,

CONSUMER PROTECTION, AND FINANCE

COMMITTEE ON ENERGY AND COMMERCE

ON THE

MOTOR VEHICLE RECALL PROGRAM



120686

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to be here today to discuss our report entitled "Changes To The Motor Vehicle Recall Program Could Reduce Potential Safety Hazards" (GAO/CED-82-99, Aug. 24, 1982).

Each year the motor vehicle industry and the Federal Government spend millions of dollars on efforts to identify vehicles with safety defects so that unsafe vehicles can be recalled for correction and traffic-related accidents can be reduced. When lengthy investigations prevent safety defects from being promptly identified and corrected, owners continue to drive potentially dangerous vehicles. Moreover, when owners fail to respond to

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recall notification letters and do not have their safety defects corrected, the efforts spent identifying those defects have been partially in vain.

From 1966, when the Congress enacted the National Traffic and Motor Vehicle Safety Act, through December 1981, manufacturers initiated nearly 3,800 recalls because of safety defects. Those recalls affected 128 million motor vehicles, related replacement items, and tires. Unfortunately, only 50 percent of the owners notified of the recalls took their vehicles in for inspection and/or correction.

The National Highway Traffic Safety Administration (NHTSA) is authorized under the act to perform tests, inspections, and investigations to identify safety-related defects in motor vehicles and motor vehicle equipment. NHTSA's involvement in defects investigations reportedly played a decisive role in the initiation of 15 to 20 percent of the 3,800 recalls, yet those NHTSA-involved recalls accounted for about 50 to 70 percent of the total motor vehicles recalled.

Statistics show that it often takes years to investigate a potential safety defect before a recall is initiated. Moreover, a NHTSA-funded study indicates that manufacturers' records on owners become more obsolete for older vehicles; so the longer it takes to recall, the less owners respond. For these reasons, we reviewed NHTSA's motor vehicle recall program in late 1981 to determine if (1) NHTSA could improve its timeliness in identifying safety defects and (2) the number of owners responding to recalls could be increased.

We addressed the timeliness issue by examining NHTSA's safety defect investigation process and assessing whether the NHTSA offices responsible for various segments of the investigations coordinated their work in a manner to avoid delays.

We addressed the low owner response issue by having a consultant, Dr. John J. Campbell, a reading and communication specialist at Howard University's School of Education, analyze the readability of the manufacturers' recall letters. We also had Dr. Campbell revise a recall letter to make it easier to understand. Further, we reviewed research on followup techniques which we believed would be useful in recalls to improve owner response rates.

We did not contact vehicle owners to determine other reasons why they did not respond to the recalls, because NHTSA had already conducted a study which indicated that many owners do not perceive the defect as a problem or do not believe the recall is important. However, these reasons helped to reinforce our opinion that recall letters may be too difficult to understand.

NHTSA's lengthy investigation process
could be improved

Under NHTSA's investigation process, its Office of Chief Counsel must concur with its Office of Defects Investigation's recommendations before a formal investigation can be closed without a recall, or before court action can be initiated against a manufacturer to force a recall. Our review showed

that many investigations remained in limbo for months awaiting the required Office of Chief Counsel concurrence.

In November 1981, we analyzed 20 of NHTSA's formal investigation cases, which represented the total open cases in the Office of Defects Investigation at that time. We found that 11 of the cases had been transferred to the Office of Chief Counsel and were there from 1 to 41 months (average time was about 14 months). Office of Chief Counsel decisions were still pending in eight of those cases. The remaining three cases had already resulted in recalls and the Office of Chief Counsel only needed to review the files to determine if any confidential information should be withheld from the public file.

By July 1982 the Office of Chief Counsel had closed six of the eight cases. None of the closed cases resulted in defect determinations, although NHTSA's Office of Defects Investigation had recommended that such action be taken when it transferred three of the cases to the Office of Chief Counsel 11 to 19 months earlier.

As a result of untimely delays, we found that information to support some case findings often needed to be updated. Officials from the two offices indicated to us that better coordination of efforts and better communication of information was needed before NHTSA's investigation process could be improved.

We recommended that the Secretary of Transportation instruct the Administrator, NHTSA, to take corrective action to speed up the defect investigation process by reducing delays caused by the Office of Chief Counsel's review. Among other

things, we recommended that the NHTSA Administrator look at how specific review time frames could be established.

The Department of Transportation responded that our report made it clear that NHTSA's originally established system for reviewing the Office of Defects Investigation's recommendations had not always been accorded sufficient priority. As a result of our report, NHTSA's Chief Counsel instructed his Assistant Chief Counsel for Litigation to ensure that a written analysis of each recommendation be drafted within 14 days of its receipt, except in cases of unusual complexity or where urgent litigation matters take priority.

Recall letters and followup methods could be improved

As I mentioned earlier, only about 50 percent of all owners responded to recall letters by taking their recalled vehicles to dealers to be corrected. We believe that the reason why some owners didn't respond is because the recall letters used to inform them about the defects were too difficult to understand.

Most U.S. adults read at or below the 11th grade level. In our analysis of 11 recall letters, our consultant found that nearly all of them were written at the college reading level. However, by simplifying the wording of the letters and redesigning the format to highlight certain messages, we were able to reduce the reading level of those letters substantially.

It should be noted that some of the most widely read publications are written at the 11th grade level or less. For

example, Time magazine is written at the 11th grade level, and Reader's Digest and Sports Illustrated at the 9th grade level.

Our consultant replaced unfamiliar words and phrases with more familiar ones, used shorter more logical sentences, and eliminated useless phrases that hid the sentence's meaning. Further, he reorganized the letter so that the possible result-- a crash--came first. He also highlighted key words and phrases by underlining them and using capital letters. Side captions, not used in the original recall letters, appeared as questions, such as:

WHAT IS THE DEFECT?

WHAT COULD HAPPEN?

WHAT SHOULD YOU DO?

WHAT IF YOU HAVE PROBLEMS?

Those questions encourage readers to seek answers by reading further.

We also believe that postcards sent shortly after the initial recall letters to remind owners they need to get their vehicles corrected could increase owner response. The reminder postcard technique has greatly improved response rates for survey research questionnaires.

We recommended that the Secretary of Transportation instruct the Administrator, NHTSA, to work with motor vehicle manufacturers to (1) change the wording and format in a recall letter to lower its reading level and test the revised letter in an actual recall to determine its effectiveness in improving

owner response rates, and (2) test various reminder techniques in actual recalls to determine whether they increase response rates and are cost effective.

In its comments to our recommendations, the Department of Transportation stated that it supported all reasonable efforts to increase such rates. Further, the Department stated it would gladly cooperate in efforts to simplify and clarify the language of the recall letters and it plans to study these particular suggestions further. Two vehicle manufacturers we contacted expressed their willingness to test simplified recall letters in actual recalls.

This ends my prepared statement. We will be glad to respond to your questions.