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TRAFFIC AND VEHICLE SAFETY

Reauthorization Offers Opportunities to Extend Recent Progress

Statement of Susan Fleming, Director
Physical Infrastructure Issues

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Highlights of [GAO-11-866T](#), a testimony before the Subcommittee on Consumer Protection, Product Safety, and Insurance, Committee on Commerce, Science, and Transportation, U.S. Senate

Why GAO Did This Study

Traffic fatalities and fatality rates have substantially decreased over the last 10 years, yet far too many people continue to be killed or injured on the nation's roadways. In addition, auto safety defect recalls are on the rise. On average, about 70 percent of vehicles subject to a recall are fixed, leaving the remainder to continue posing risks to vehicle owners, passengers, and pedestrians. The National Highway Traffic Safety Administration (NHTSA) administers programs that provide grants to states to improve traffic safety and oversees the identification and remedy of vehicle and equipment defects that could pose an unreasonable risk to safety. The upcoming reauthorization of surface transportation programs affords Congress an opportunity to strengthen these grant programs in several ways and to address gaps GAO identified in NHTSA's auto recall process.

This statement addresses (1) NHTSA's progress in improving oversight and performance measurement for traffic safety grant programs, (2) NHTSA's oversight of the auto safety defect process, and (3) issues for Congress to consider in reauthorizing funding for traffic and vehicle safety programs. This statement is based primarily on reports GAO has issued since enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) on issues related to traffic safety—including NHTSA's oversight of state traffic safety programs, traffic safety grants, and high-visibility enforcement—and NHTSA's auto recall process.

View [GAO-11-866T](#) or key components. For more information, contact Susan Fleming @ (202) 512-2834 or flemings@gao.gov

July 27, 2011

TRAFFIC AND VEHICLE SAFETY

Reauthorization Offers Opportunities to Extend Recent Progress

What GAO Found

NHTSA has made good progress in recent years in improving oversight and performance measurement for traffic safety grant programs. As GAO recommended in 2003, NHTSA improved the consistency of its oversight process, including conducting a management review of each state at least once every 3 years. In addition, NHTSA developed a tool to track states' implementation of management review recommendations and encourage states to act on NHTSA's guidance. To improve performance measurement for traffic safety grant programs, NHTSA has published two sets of performance measures to assist states in implementing and improving traffic safety programs and data systems. These measures are an important step in moving toward a more performance-based, data-driven grant structure, and respond wholly or in part to GAO recommendations to improve state accountability for grant funds.

In a June 2011 report on NHTSA's safety defect recall process, GAO identified a number of challenges that affect parts of the recall process, including recall completion rates (the number of defective vehicles that are fixed):

- identifying and notifying vehicle owners of auto safety defects;
- motivating vehicle owners to comply with notification letters;
- providing better information to vehicle owners and the public;
- using existing data to improve completion rates; and,
- lack of authority to notify potential used car buyers about outstanding recalls.

GAO also identified several options or changes that could address some of the challenges to the safety recall process and increase safety for the motoring public. For example, NHTSA could modify the way manufacturers must present information in safety defect notification letters and publicize information resources, like NHTSA's Web site, so that vehicle owners are better motivated and informed. NHTSA may also be able to use manufacturers' data to identify what factors make some recalls more or less successful than others. Most of these options are within the scope of NHTSA's current authorities and would require minimal investment of staff and other resources. NHTSA is currently exploring a few of these options. However, the options have advantages and disadvantages that will require careful consideration before being adopted.

In reauthorizing funding for NHTSA's traffic and vehicle safety programs, Congress has an opportunity to address a number of issues that GAO has previously identified. One such issue is whether to move further toward improving state accountability for traffic safety grant funds by linking state performance with traffic safety grant awards. Another issue is whether the individual safety incentive grant programs can be restructured or their requirements adjusted to simplify application procedures and allow states more flexibility in the use of the grant funds. Still another issue is whether NHTSA's authority should be expanded to help ensure that purchasers of used cars are aware of any defects that have not been remedied following a recall.

Chairman Pryor, Ranking Member Toomey, and Members of the Subcommittee,

I appreciate the opportunity to participate in this hearing to discuss the National Highway Traffic Safety Administration's (NHTSA) traffic and vehicle safety programs. NHTSA's traffic safety grant programs are a key part of federal efforts to reduce traffic fatalities. During the last several years, the United States has seen a remarkable decline in traffic fatalities, from 43,510 in 2005 to an estimated 32,788 in 2010. Fatality rates have also dropped over that time, from 1.46 to 1.09 fatalities per 100 million vehicle miles traveled, the lowest rate since 1949. Despite this encouraging trend, far too many people are still killed or injured on our nation's roadways every day. In addition, although traffic fatalities have decreased, in 2010 auto manufacturers recalled a record 14.9 million vehicles to address a range of safety issues such as malfunctioning air bags and faulty steering columns. On average, about 70 percent of vehicles subject to a recall are fixed within the 18-month period during which manufacturers provide recall completion data to NHTSA, while the remainder may continue to pose risks to vehicle owners, passengers, and pedestrians. Congress has also expressed concerns about whether NHTSA has the authority it needs and whether vehicle owners are being effectively motivated to remedy their vehicles. The upcoming reauthorization of Department of Transportation (DOT) programs offers the opportunity to revise federal programs to better assist states in addressing traffic safety issues and to enhance NHTSA's recall authority.

My testimony today addresses (1) NHTSA's progress in improving oversight and performance measurement for traffic safety grant programs, (2) NHTSA's oversight of the auto safety defect process, and (3) issues for Congress to consider in reauthorizing funding for traffic and vehicle safety programs. My statement is based primarily on reports we issued since the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)¹ on issues related to traffic safety—including NHTSA's oversight of state traffic safety programs, traffic safety grants, high-visibility enforcement, older driver safety, and teen driver safety—and NHTSA's auto recall process. (See the list of related GAO products at the end of this statement.) For the reviews related to traffic safety, we analyzed traffic fatality data from

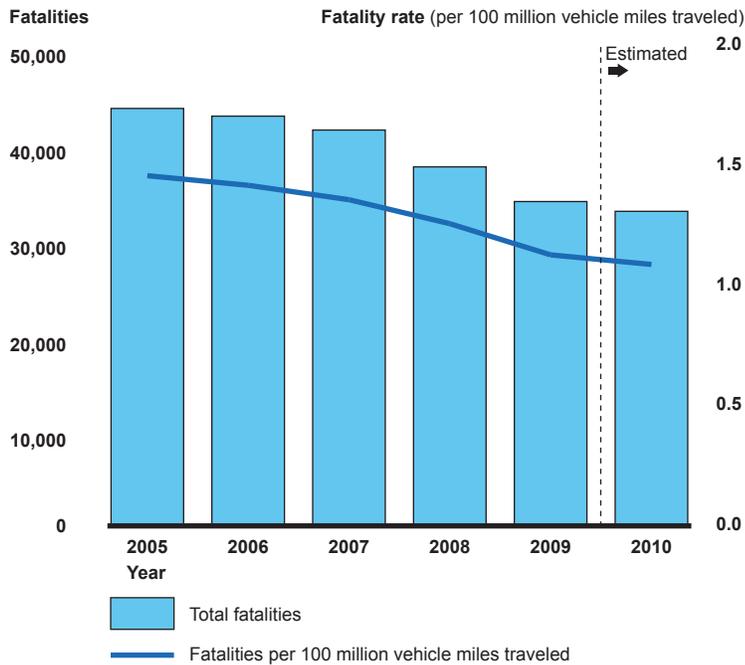
¹Pub. L. No. 109-59, 119 Stat. 1144 (2005).

NHTSA and selected states; examined NHTSA's evaluations (triennial management reviews) of state processes and procedures, including corrective action plans; visited selected states; analyzed the quality of state traffic data systems; and reviewed relevant documents, including legislation, regulations, guidance, and state plans and reports. We also interviewed NHTSA officials, state traffic safety officials, and other traffic safety stakeholders, including representatives from local law enforcement agencies and safety organizations such as the state's AAA club or Safety Council association. For the review of NHTSA's auto recall process, we interviewed NHTSA officials, auto manufacturers, and other auto industry stakeholders about NHTSA's role in the recall process and the benefits and challenges of the recall process for NHTSA and manufacturers. In addition, we compared NHTSA's authority to the authorities of other selected federal and foreign agencies that oversee vehicle recalls, and conducted focus groups with vehicle owners to better understand their awareness of recalls and willingness to comply with recall notices. We conducted these audits from July 2002 through June 2011 in accordance with generally accepted government auditing standards. More detailed information on the scope and methodology of our previous work can be found with each issued report.

Background

During the past decade, the number of motor vehicle fatalities has substantially decreased, from 43,510 in 2005 to an estimated 32,788 in 2010. Fatality rates have also dropped over that time, from 1.46 to an estimated 1.09 fatalities per 100 million vehicle miles traveled (see fig. 1).

Figure 1: Trends in Traffic Fatalities and Fatality Rates (2005-2010)



Source: GAO analysis of NHTSA data.

Most traffic fatalities are related to human behavior, including speeding, alcohol impaired driving, and improper or no use of safety belts or child safety or booster seats. As the use of electronic devices has grown, distracted driving has also increasingly been identified as a cause. Certain populations, including motorcyclists and both elderly and teen drivers, are more likely to be involved in serious accidents. Data on these and other traffic safety areas are critical for NHTSA and states to identify and address key traffic safety issues and trends.

Through SAFETEA-LU, Congress authorized \$2.4 billion for fiscal years 2005 through 2009 for programs to provide safety grants to assist states in their efforts to address these issues and reduce traffic fatalities.² The largest portion of funds provided by SAFETEA-LU, or about \$1 billion,

²Additional spending has been authorized since 2009. The most recent extension expires September 30, 2011. Continuing Appropriations Act, 2011, Pub. L. No. 111-242, 124 Stat. 2607 (2010) as amended.

was allocated for the continuation of State and Community Highway Safety grants to states for a variety of traffic safety issues, including law enforcement activities, improvements to training programs, or media campaigns, among others. These grants are allocated to states through a formula that considers a state's road mileage and population. SAFETEA-LU also modified or added five safety incentive grant programs to enhance safety belt use, child safety and child booster seat use, alcohol impaired driving countermeasures, motorcyclist safety, and state traffic safety information systems. These incentive grants are awarded to states that meet certain criteria for each grant, such as enacting safety belt laws and child restraint laws, achieving alcohol-related fatality benchmarks, or implementing training programs, among others. In addition, SAFETEA-LU authorized funding for high-visibility enforcement campaigns that combine intensive enforcement of a specific traffic safety law—such as a safety belt use law or an impaired driving law—with extensive media communication to educate and persuade the public of the law's safety benefits. NHTSA and states use SAFETEA-LU grants—including State and Community Highway formula grants, safety belt grants, and alcohol impaired driving countermeasures grants—to support high-visibility enforcement campaign activities.

NHTSA is responsible for implementing programs designed to address two of the three types of factors that contribute to crashes—human behavior and vehicle factors.³ To address behavioral factors, NHTSA oversees state traffic safety grant programs by reviewing states' management of these grants and assessing states' progress in improving safety outcomes. For example, NHTSA monitors states' spending and conducts triennial management reviews designed to ensure that states manage grants effectively, efficiently, and in compliance with laws and regulations. NHTSA also assesses a state's performance against state-established safety goals and national safety outcomes by examining state highway safety plans and annual reports. NHTSA conducts special management reviews of states with consistently high alcohol-related fatality rates or low safety belt use rates and less than half of the national average improvement in these areas over time. A special management review is an in-depth evaluation of a state's impaired driving or safety belt use program that NHTSA uses to recommend program improvements. In

³The Federal Highway Administration is responsible for addressing the third type of factor that contributes to crashes—roadway environment.

addition, at states' request, NHTSA coordinates voluntary technical program assessments conducted by leading independent experts who review state programs in one of seven traffic safety areas and recommend program improvements. In 2003, we reported that NHTSA used management reviews and resulting improvement plans inconsistently across its 10 regional offices.⁴ This inconsistency made it difficult to ensure that states used federal funds in accordance with requirements and that they addressed program weaknesses. As a result, we recommended that NHTSA provide more specific guidance to its regional offices on when to conduct management reviews and use improvement plans, and how to measure state progress toward meeting safety goals. In response, NHTSA developed new policies for its regional offices on when it is appropriate to use management reviews and improvement plans to assist highway safety programs. The new procedures direct NHTSA to conduct management reviews in each state at least once every 3 years. In addition, they direct NHTSA to work collaboratively with states in developing performance enhancement plans (formerly known as improvement plans) when a state fails to meet performance goals, shows substandard performance, or fails to show improvement toward a priority safety goal over a 3-year period.

As part of its mission, NHTSA is also responsible for the oversight of manufacturers' compliance with safety standards and the identification and remedy of vehicle and equipment defects that could pose an unreasonable risk to safety. NHTSA oversees compliance recalls (for instances of noncompliance, such as improper placement of warning labels for airbags), and safety defect recalls (for the potential of a vehicle component to fail and endanger safety—for example, a steering column could break and suddenly cause partial or complete loss of vehicle control), which represent the majority of recalls overseen by the agency. The auto safety defect recall process for motor vehicles is a concerted effort involving a number of stakeholders, including NHTSA, auto manufacturers, franchised dealerships, and vehicle owners.⁵ Auto manufacturers are primarily responsible for conducting auto safety defect recalls, while NHTSA oversees the recall process, in part by reviewing the

⁴GAO, *Highway Safety: Better Guidance Could Improve Oversight of State Highway Safety Programs*, [GAO-03-474](#) (Washington, D.C.: Apr. 21, 2003).

⁵Franchised dealerships are businesses that have franchise agreements with an auto manufacturer to sell or lease new vehicles it manufactures.

actions manufacturers plan to take to remedy vehicles and monitoring the effectiveness of recall campaigns based on several considerations, including a campaign's completion rate (the number of defective vehicles that are repaired). NHTSA also provides guidance and information to the public on safety defect recalls, chiefly through its Web site, www.safercar.gov.

According to NHTSA officials, since 2000, all safety defect recalls for passenger vehicles—noncommercial cars, sport utility vehicles, large vans, minivans, and pickup trucks—have been conducted voluntarily by manufacturers. Although some of these recalls were conducted based on NHTSA's investigations of safety defects—known as influenced recalls—most were initiated by manufacturers without influence from agency investigations. NHTSA has the authority to order an auto manufacturer to conduct a recall, but it has not done so in the last 11 years. According to NHTSA officials, the agency tries to convince manufacturers to conduct influenced recalls based on NHTSA's investigations rather than attempt to prove the case for an ordered recall through the courts, which the officials said can take a long time and require substantial agency resources.

NHTSA Has Improved Oversight and Performance Measures for Traffic Safety Grants

NHTSA has taken several steps to better oversee states' management of federally funded safety grants and move toward a more performance-based, data-driven grant structure.

Oversight

As we recommended in 2003,⁶ NHTSA improved the consistency of its traffic safety grant oversight process, including implementing the requirement added by SAFETEA-LU that NHTSA conduct a management review of each state at least once every 3 years.⁷ In addition, NHTSA developed a tool—the corrective action plan—to track states' implementation of management review recommendations and encourage states to act on the agency's guidance.

⁶GAO-03-474.

⁷23 U.S.C. § 412(a).

In 2008, we reported that NHTSA's initiatives to improve the consistency of its management reviews also had the potential to improve the information available to it for analysis—such as information on common grant management challenges faced by states—and thus could provide an opportunity for NHTSA to further enhance its oversight.⁸ However, NHTSA did not have a process for analyzing its management review recommendations on a national level, identifying common challenges faced by states, and directing training and technical assistance resources accordingly. Furthermore, NHTSA was not tracking at a national level the extent to which states had implemented its recommendations—information that we noted could help NHTSA assess the impact of its oversight. We recommended these steps, and, in 2009, NHTSA implemented an electronic tracking system that documents the recommendations NHTSA has made to states during its reviews. NHTSA also analyzed these recommendations and, in collaboration with the Governors Highway Safety Association (GHSA)—an association of state highway safety offices that implement programs to address behavioral highway safety issues—offered training to states on common challenges. Such training addressed planning and administration, equipment and indirect costs, and performance measures. NHTSA also used information on states' implementation of management review recommendations to develop webinars in conjunction with GHSA to help states address common issues that prevent them from implementing NHTSA's recommendations.

Performance measurement

In collaboration with GHSA, NHTSA has developed a minimum set of performance measures to assist states in developing and implementing traffic safety grant programs. Such performance measures are a key component in tracking states' progress toward safety goals and to provide information on what areas should be prioritized for improvement. In the past, we have called for a fundamental reexamination of the nation's surface transportation programs, including the institution of processes to make grantees more accountable by establishing more performance-

⁸GAO, *Traffic Safety: NHTSA's Improved Oversight Could Identify Opportunities to Strengthen Management and Safety in Some States*, [GAO-08-788](#) (Washington, D.C.: July 14, 2008).

based links between funding and program outcomes.⁹ More specifically, in 2008, we recommended that NHTSA establish a minimum set of performance measures for states to consistently report high-visibility enforcement activities funded with federal dollars.¹⁰ While states are required to include performance goals and measures for high-priority program areas in their annual highway safety plans,¹¹ states have not used such measures consistently in these plans. For example, GHSA reported that the number of measures used by states ranged from 4 to 115. In 2008, NHTSA published a minimum set of 14 performance measures that cover key traffic safety program areas, such as overall fatalities and injuries, fatality and injury rates, seat belt use, impaired driving, speeding, motorcyclist safety, and teen driver safety. States were also encouraged to use additional measures for other priority areas as appropriate. The minimum set of measures includes measures that should fulfill our recommendation related to high-visibility enforcement activities: number of citations issued for failure to use seat belts and for speeding and number of arrests made for impaired driving during grant-funded enforcement activities. According to NHTSA officials, all states have used the minimum set of performance measures in developing their highway safety plans for fiscal years 2010 and 2011.

NHTSA and GHSA also developed a set of model performance measures to help states monitor and improve the quality of the data in their six core traffic record systems: crash, vehicle, driver, roadway, citation/adjudication, and emergency medical system/injury surveillance. States use these systems to collect and analyze data to help identify priorities for traffic safety programs. Improvements to these systems are funded, in part, by NHTSA's state Traffic Safety Information Systems Improvement grant. Last year, we reported that states were making progress in improving the quality of the six core systems, but that system quality—as measured by the performance attributes of timeliness, accuracy, completeness, consistency, integration, and accessibility—

⁹GAO, *Surface Transportation: Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs*, [GAO-08-400](#) (Washington, D.C.: Mar. 6, 2008).

¹⁰GAO, *Traffic Safety: Improved Reporting and Performance Measures Would Enhance Evaluation of High-Visibility Campaigns*, [GAO-08-477](#) (Washington, D.C.: Apr. 25, 2008).

¹¹23 CFR 1200.10(a)(1).

varied considerably by system and attribute.¹² For example, across all data systems, we found that states met NHTSA's performance criteria for the attribute of consistency 72 percent of the time but met the criteria for the attribute of integration 13 percent of the time. We recommended that NHTSA take steps to ensure that traffic records assessments—which help states identify and prioritize improvements to traffic safety data systems—provide an in-depth evaluation that is complete and consistent in addressing all performance attributes across all state traffic safety data systems.¹³ In 2011, NHTSA published a model set of 61 performance measures that address the six performance attributes for the six core data systems. For example, the model includes two performance measures recommended for assessing the timeliness of a state's crash database—the mean number of days taken to enter crash data into the database and the percentage of crash reports entered into the database within a certain number of days after the crash. According to NHTSA, states' use of these measures is voluntary, and states are encouraged to develop additional measures if needed. Establishing these measures was a step in NHTSA's overall plan for addressing our recommendation to ensure that traffic records assessments are complete and consistent.¹⁴ These measures are now available to help federal, state, and local officials monitor the quality of the data in state traffic records systems. The measures are currently being used to evaluate applications for Traffic Safety Information Systems Improvement grants and will also be incorporated into the associated assessments of data systems starting in fiscal year 2013.

¹²GAO, *Traffic Safety Data: State Data System Quality Varies and Limited Resources and Coordination Can Inhibit Further Progress*, [GAO-10-454](#) (Washington, D.C.: Apr. 15, 2010).

¹³NHTSA technical teams or contractors conduct these assessments for states at least once every 5 years.

¹⁴In addition to establishing the performance measures, NHTSA recently finished a study that examined completed traffic records assessments and identified State concerns with the assessments and deficiencies in the technical aspects of the States traffic records assessment process. NHTSA has begun to update the Traffic Records Assessment procedures to incorporate recommendations from the study of assessments and address all performance measures across all State traffic safety data systems.

NHTSA Has Options to Improve the Safety Defect Recall Process

As we previously reported, a number of challenges affect recall completion rates, including identifying and motivating affected vehicle owners and providing better information to the public about recalls.¹⁵ Through our interviews with industry stakeholders, focus group participants, and NHTSA officials, we also identified several changes that NHTSA could implement to address these challenges, most of which would require limited resources.

Modifying Safety Defect Notification Letters

Focus group participants we interviewed reported that the safety defect notification letters they reviewed did not always convey a clear description of the defect or the severity of the defect. Such confusion could affect owners' willingness to take their vehicles in for service and, ultimately, reduce the completion rates for certain recall campaigns. Though some information is already required by law and regulations, NHTSA has the ability to add requirements.¹⁶ In particular, focus group participants indicated that they might be more likely to respond to a notification letter that specifically indicated the defect affecting their vehicle and conveyed the urgency of the safety recall. NHTSA officials told us that although they are working toward increasing recall completion rates, they believe that adding content to the notification letters could be distracting and that the fundamental information needed to convey the defect, the actions the owner should take, and the remedy program is covered by the current requirements. As we previously reported, while we agree that adding lengthy and complex information to the notification letters is unnecessary, our focus groups have shown that describing the defect more clearly and adding content such as the owner's vehicle identification number (VIN) may encourage vehicle owners to comply with defect notifications.

¹⁵GAO, *Auto Safety: NHTSA Has Options to Improve the Safety Defect Recall Process*, [GAO-11-603](#) (Washington, D.C.: June 15, 2011).

¹⁶NHTSA requires defect notification letters to have (1) a notation on the envelope that include the words "SAFETY," "RECALL," and "NOTICE" in all capital letters and in a font different from the address information; (2) a clear description of the defect; (3) an evaluation of the risk to vehicle safety related to the defect; and (4) a statement of measures to be taken to remedy the defect. 49 C.F.R. § 577.5.

Publicizing Existing Resources and Making VINs Available to Vehicle Owners and the Public

Our focus groups with vehicle owners also indicated that the public may not be aware of NHTSA's Web site, the primary method NHTSA uses to communicate information on recalls to consumers. In addition, a few industry associations told us that it would be useful to provide vehicle owners with the ability to search more easily for recall information using their VINs. As such, NHTSA has an opportunity to make vehicle owners and the public more aware of its Web site and to include more useful information. To do so, NHTSA could develop public service announcements and additional press releases or collaborate with auto manufacturers to develop methods of informing vehicle owners about available resources. NHTSA officials we spoke with agreed that additional efforts could be made to improve the public's awareness of www.safercar.gov and told us that the agency is currently redesigning its Web site to consolidate information so that consumers can more easily find information on vehicle 5-Star Safety Ratings and auto safety recall information.¹⁷

In addition, NHTSA officials told us they are interested in finding additional ways to improve vehicle owners' access to specific information about recalls, and to that end, they are in the process of purchasing software to facilitate a VIN-based search engine on NHTSA's Web site. However, the officials noted that developing a centralized VIN database would require significant additional resources to fully implement. In addition, the officials told us that VIN searches can present problems because vehicle owners may not enter VIN information correctly into a Web search. NHTSA officials are currently exploring ways to address this issue.

Using Data More Effectively

Although NHTSA uses data it collects from manufacturers to track the average annual recall completion rate for all vehicle recall campaigns, NHTSA does not currently use its data to conduct aggregate analyses of completion rates across factors such as the manufacturer, component (such as steering), and vehicle type (such as car or pick-up truck). NHTSA also does not analyze completion rates based on the characteristics of defect notification letters, such as the format of the letter mailed to vehicle owners. Conducting these types of trend analyses could

¹⁷NHTSA's 5-Star Safety Ratings measure the crashworthiness and rollover safety of vehicles. Five stars indicate the highest rating, one star indicates the lowest.

help NHTSA identify risk factors that might be associated with lower recall completion rates. In June 2011, we reported that our analysis of NHTSA's completion rate data for passenger vehicle recalls from 2000 through 2008 has shown that completion rates vary considerably across manufacturers and components and, to some extent, vehicle types.¹⁸ Additionally, NHTSA officials told us that other factors may also affect completion rates, including the owner's perception of the severity of the defect and the age of a vehicle at the time of the recall.

NHTSA has the opportunity to analyze its data in ways that capture the underlying complexities and variation in the risk factors associated with lower completion rates. With that information, NHTSA could target new recall campaigns that include such risk factors and take additional steps to monitor those campaigns. NHTSA officials told us they are interested in improving the completion rates of their recalls. For example, NHTSA officials explained that they contacted a child safety seat manufacturer that had experienced higher rates of recall completion than other child safety seat manufacturers, in order to learn how that manufacturer was achieving a relatively higher completion rate. While this method—isolating outliers in the data, then following up with a particular manufacturer to investigate—is not a routine monitoring activity for NHTSA, it could use such an approach more systematically when it notices differences in recall rates in other areas identified in the data. NHTSA officials told us they were currently re-evaluating how they used their data and would consider ways that additional data analysis could help increase recall completion rates.

¹⁸See [GAO-11-603](#) for additional information on our methodology.

Reauthorization Offers Opportunities to Improve Accountability and State Administration of Traffic Safety Grants and Enhance NHTSA's Recall Authority

In reauthorizing traffic safety grant programs, Congress has opportunities to improve accountability by linking state performance with traffic safety grant awards and to reduce administrative challenges for states by streamlining the application process for incentive grants and allowing more flexibility in the use of grant funds. Additionally, in reauthorizing vehicle safety programs, Congress has an opportunity to increase consumers' awareness of recalls and protect consumers from unknowingly purchasing defective vehicles by modifying NHTSA's vehicle recall authority to help ensure that purchasers of used cars are aware of any defects that have not been remedied following a recall.

Accountability Mechanisms for Traffic Safety Grants

The comprehensive set of traffic safety performance measures published by NHTSA and GHSA in 2008 is an important step in moving toward a more performance-based, data-driven grant structure. We have reported that linking grant funding with states' progress in achieving goals—as tracked through performance measures—could help improve accountability for federal funds. However, while states are required to establish goals and related performance measures for high-priority program areas in annual safety plans, states' receipt of State and Community Highway traffic safety grant funds is not currently linked to progress toward those goals. In addition, criteria for continuing to receive traffic safety incentive grants are generally not tied to states' demonstrating safety improvements from the prior year. For example, while the Traffic Safety Information Systems Improvement grant requires that a state demonstrate progress in improving at least one system as a condition of continuing to receive the grant, the other incentive grants either include additional criteria that a state can meet to receive the grant or do not include any performance-based eligibility criteria at all. We have also noted that, given the scope of changes needed to transform federal transportation programs—including moving toward a performance-based, data-driven approach for the programs—such transformation might need to be achieved on an incremental basis.¹⁹ In reauthorizing traffic safety grant programs, Congress will be faced with deciding whether to move further toward a performance-based, data-driven grant structure by linking

¹⁹[GAO-08-400](#).

a state's receipt of grant funds to its achieving progress toward safety goals.

State Challenges in Administering Traffic Safety Incentive Grants

When we reviewed traffic safety incentive grants in 2008, state officials noted that NHTSA's traffic safety incentive grants are helping to improve traffic safety. However, these officials also identified challenges in applying for and using the grant funds. As we reported in 2008, each safety incentive grant has a separate application process, which has proved challenging for some states to administer, especially those with small safety offices.²⁰ The five applications are each due within a 1-1/2 month period between June 15 and August 1. According to state highway safety officials, each application requires extensive amounts of staff time and resources. Although the application process is similar for each grant, having to complete it several times within a short time frame presents administrative challenges for states. Several states, including those with larger safety programs and more staff and resources than those with smaller safety programs, expressed concerns about the demands the application process placed on their staff. According to NHTSA, the application requirements reflect statutory requirements; therefore, changing the application requirements would require congressional action.

Officials in some states also said they would prefer more flexibility in using safety incentive grant funds. For example, officials in one state said they would like to use Motorcyclist Safety grant funds, which can be used only for training and increasing other motorists' awareness of motorcyclists, to build new training sites or expand the size of current sites. However, the grant does not allow them to do so, although it does allow states to lease or purchase new sites. Officials in another state also noted that the Child Safety and Booster Seat grant they received for one year was much larger than expected; they would have preferred to use the additional funding for other areas, such as the state's traffic safety information systems. Again, because of limitations on the uses of funds established in SAFETEA-LU, such flexibility would require congressional action. However, allowing such flexibility could complicate NHTSA's ability to oversee states' use of grant funds and hold them accountable for

²⁰GAO, *Traffic Safety: Grants Generally Address Key Safety Issues, Despite State Eligibility and Management Difficulties*, [GAO-08-398](#) (Washington D.C.: Mar. 14, 2008).

using the federal funds to achieve high-priority safety goals. One way to address this complication would be to allow states to use excess funds from a grant for another traffic safety issue only if the state can demonstrate sufficient progress toward achieving goals in the grant area.

Auto Recall Process

As we reported in June 2011, NHTSA cannot require used-car dealerships—which sold 11 million cars in 2009—to notify potential buyers of an outstanding safety defect, or require that the defect be remedied prior to sale. We recommended that the Secretary of Transportation direct the Administrator of NHTSA seek legislative authority to ensure that potential buyers of used cars are notified of any outstanding recalls prior to sale.^{21,22} NHTSA agreed to consider this recommendation.

The upcoming reauthorization of NHTSA programs provides an opportunity to explore options to increase consumer awareness of recalls and protect consumers from unknowingly purchasing defective vehicles. Requiring dealerships to notify potential buyers of a defect could result in increased awareness of recalls, particularly among the group of vehicle owners that, according to manufacturers and third-party vendors, are the hardest to identify through postal mail—namely second and third owners of a vehicle. However, an industry association and the used-car dealerships we spoke with noted that it is challenging to identify vehicles with outstanding recalls because there is no requirement for used-car dealerships to be notified of a safety defect through the use of first-class mail and there is no single source of information on safety recalls—such as a centralized VIN database—that can be accessed to determine if a car in a dealership’s possession has an outstanding recall. Although additional resources may be necessary for NHTSA to implement such a database, working with manufacturers, many of whom have already developed VIN search functions, could reduce NHTSA’s burden. NHTSA officials agreed that notifying used-car dealerships of recalls is a challenge, and although the agency has not sought this authority, it is in the process of purchasing software to facilitate a VIN-based search engine on its Web site. In addition, NHTSA officials indicated that in May

²¹Franchised dealerships may sell or lease a new motor vehicle only if the defect has been remedied before delivery of the motor vehicle under the sale or lease. 49 U.S.C. § 30120.

²²[GAO-11-603](#).

2011, the agency had identified several policy proposals to Congress on vehicle safety issues. One of these proposals would, with certain exceptions, prohibit used-car dealerships and rental companies from selling or leasing a vehicle subject to a recall before the repair has been made.

Chairman Pryor, Ranking Member Toomey, and Members of the Subcommittee, this concludes my prepared statement. I would be happy to respond to any questions that you might have.

Contact and Acknowledgment

For further information on this statement, please contact Susan Fleming at (202) 512-2834 or flemings@gao.gov. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement. Individuals making key contributions to this testimony were Sara Vermillion, Assistant Director; Matthew Cook, Elizabeth Eisenstadt, Joah Iannotta, Raymond Sendejas, Matthew Voit, and Susan Zimmerman.

Related GAO Products

Auto Safety: NHTSA Has Options to Improve the Safety Defect Recall Process. [GAO-11-603](#). Washington, D.C.: June 15, 2011.

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