

SUPPORTING STATEMENT
FOR 49 CFR Part 579

Reporting of Information and Documents about Potential Defects

A. JUSTIFICATION

1. Explain the circumstances that make the collection of information necessary.
Identify any legal or administrative requirements that necessitate the collection.
Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information

The Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act (Public Law 106-414) was enacted on November 1, 2000. This Act includes a requirement that the National Highway Traffic Safety Administration (NHTSA) conduct Early Warning Reporting (EWR) rulemaking to require manufacturers of motor vehicles and motor vehicle equipment to submit information, periodically or upon NHTSA's request, that includes claims for deaths and serious injuries, property damage data, communications from customers and others, information on incidents resulting in fatalities or serious injuries from possible defects in vehicles or equipment in the United States or in identical or substantially similar vehicles or equipment in a foreign country, and other information that would assist NHTSA in identifying potential safety-related defects. The intent of this legislation is to provide early warning of such potential safety-related defects.

2. Indicate how, by whom, and for what purpose the information is to be used.
Except for a new collection, indicate actual use the agency has made of the information received from the current collection.

The Early Warning information sought by NHTSA is used to promptly identify potential safety-related defects in motor vehicles and motor vehicle equipment in the United States. When a trend in incidents arising from a potentially safety-related defect is discovered, NHTSA relies on this information, along with other agency data, to determine whether or not to open a formal defect investigation. NHTSA is authorized to conduct such investigations by Title 49 U.S.C. Chapter 301 – Motor Vehicle Safety. Since its inception in late 2003 EWR data continues to assist in identifying potential safety-related issues. Some of these investigations have influenced safety-related recalls and service campaigns.

Information about safety campaigns conducted by manufacturers in foreign countries on products identical to or substantially similar to products sold in the United States, but not conducted on the U.S. products, provides NHTSA the opportunity to decide whether or not the situation warrants a formal investigation to decide whether or not, when considering this and other relevant information,

there should be a recall of the U.S. products. The agency influenced some domestic recalls based on submissions of information on foreign campaigns.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The great majority of Early Warning information collected by NHTSA involves the use of electronic technology. Most of the required data is submitted using electronic filing of standard format spreadsheets; and copies of documents, where required, are submitted using standard graphics image transfer in most cases. NHTSA's Office of Defects Investigation (ODI) has developed a new data system for its operations, and a key part of this data system is the functional capability to receive electronic transfer of EWR data. This includes an Internet data repository through which the reports can be submitted. Over 90 percent of the EWR data submitted by manufacturers utilize electronic submission. NHTSA has closely coordinated the design of the data system to accommodate manufacturers' needs. If a manufacturer does not have the capability to utilize electronic submission (i.e. high speed data transfer), alternatives are available, including electronic forms on NHTSA's web site.

The information collected on foreign safety campaigns consists of a document, which could be created using word processing software, submitted by means of regular mail. Alternatively, the regulation permits electronic submission in the same manner that the Early Warning data is submitted.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in item 2 above.

NHTSA is the only governmental agency that requires manufacturers to submit this information consequently; there is no duplication of the data submitted and the information is not already available.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

Manufacturers of fewer than 500 vehicles, as well as manufacturers of motor vehicle equipment other than tires and child restraint systems, will be exempt

from most of the reporting requirements, and will be required to report only claims and notices of deaths caused by possible defects in their products. Although the EWR requirements may impact small child restraint and tire manufacturers, NHTSA has used the EWR data to influence a significant child restraint recall and a tire recall. Therefore, the agency believes that the injury reducing and life saving benefits of removing defective equipment from our roads outweighs the burden to these small businesses.

With regard to foreign safety campaigns, this information collection can impact small businesses, however the information that is required has been set at the minimum necessary to describe the safety recall or safety campaign and how it potentially affects identical or similar products sold in the United States. NHTSA received 128 foreign safety campaign reports for CY 2006.

6. Describe the consequences to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information is essential to the implementation of EWR. Without it, the objectives of the TREAD Act cannot be achieved. These include reducing the number of motor vehicle crashes, and the number of associated injuries and deaths by providing early warning of safety-related defects. While there are no technical or legal obstacles to reducing the burden, quarterly reporting is required because the frequency of reporting affects the timeliness of the action that could be taken to prevent motor vehicle crashes, injuries and fatalities caused by safety-related defects.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

The procedures specified for this data collection are fully consistent with the guidelines set forth in 5 CFR 1320.6. This quarterly information collection is not in connection with a statistical survey, does not require the use of any statistical data classification whether or not reviewed or approved by OMB, does not include any pledge of confidentiality other than that already established in statute or regulation, and does not require submission of proprietary trade secrets or other confidential information other than information for which protection from disclosure is already provided for by statute or regulation. With regard to foreign safety campaigns, the TREAD Act requires that reports be submitted within 5 days of the triggering event in a foreign country, rather than quarterly.

8. Provide a copy of the Federal Register document soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside the agency to obtain

their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format, and on the data elements to be recorded, disclosed, or reported.

A request for comments on the information collection was published in the Federal Register on November 15, 2007, Volume 72, 64275 through 64276. A summary of the comments received in response to that notice follows.

The National Truck Equipment Association (NTEA)

NTEA recommended that the definition of a small volume manufacturer be “increased to 5,000 vehicles” stating that this “... would have little or no effect on NHTSA’s ability to identify safety defects ... manufacturers of fewer than 5,000 would still be required to submit reports to NHTSA but the reports would be far less costly...” NTEA commented that most NTEA members are small businesses that produce vehicles “These vehicles are often custom or semi-custom built.” and that several hundred of these small businesses produce 500 or more vehicles per year and therefore “...face the same reporting requirements as those companies producing hundreds of thousands, and even millions, of vehicles per year.” It is their contention that “...Due to the limited production of like vehicle configurations in the specialized work truck industry, similar data can not be gathered for work trucks. Likewise, multi-stage manufacturers with limited end-user interaction will have no usable data to report. It is an unreasonable burden to require detailed and expensive reporting from companies with data of no practical value.”

In addition, NTEA noted that “When a work truck purchaser has a vehicle complaint, their initial point of contact will almost always be the dealership not the final stage manufacturer. Customer concerns are most likely to be chassis related, i.e. having to do with the engine, suspension, interior, brakes, etc...Chassis related complaints are handled under the truck chassis dealer's standard warranty and/or service system. The final stage manufacturer is not informed of any such complaints or repairs.” NTEA argued that “...multi-stage manufacturer will have nothing to report with regard to any chassis related problems, it seems illogical to place the burden of reporting on their shoulders.” These issues are being evaluated and addressed during a subsequent rulemaking if NHTSA decides to amend the EWR rule.

NTEA stated that the annual cost burden for a small company that must submit complete reports is over \$25K. However, NTEA did not provide any recommended changes to NHTSA’s estimate of the annual burden hours or provide any annual cost of gathering and submitting EWR data, which is incremental to the normal business process.

NHTSA also received a comment from a private citizen that was unrelated to the information collection for Early Warning Reporting (EWR) data.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

No payment or gift will be given to any respondent.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

The data required with regard to the EWR rule is confidential by regulation, 49 CFR Part 512, Appendix C. If personal identifiers should appear in documents submitted, or if manufacturers request confidential treatment of business information, NHTSA will provide confidentiality, as appropriate.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

No questions of a sensitive nature are involved in this information collection.

12. Provide estimates of the hour burden of the collection of information.

Final Regulatory Evaluation for the Tread Act Early Warning Reporting System (July 2002, NHTSA Docket # 8677) estimated of the annual burden hours and cost for submitting EWR data based on the number of manufacturers, the number and type of report submitted plus the handling time for each type of document received from industry. The agency will use the same method for the 2006 data that was used in the EWR Final Regulatory Evaluation.

Based on the EWR submissions that NHTSA received from manufacturers it is possible to calculate the burden hours for the EWR data collection using NHTSA's prior assessments of the time required to process various types of documents (see Table 3, "Annual Burden Hours"). Since 2006 is the last full calendar year for which NHTSA received EWR information, it will be used as the basis to estimate the annual number of burden hours and annual cost. The total number of documents reported to NHTSA in each reporting category for each type of reporting manufacturer in 2006 is shown in Table 1. Following the same rationale used in the past EWR Evaluation, it is assumed that customer

complaints, warranty claims, and dealer field reports will not impose incremental burden hours since computer systems are set up to automatically count these aggregate data points. Therefore, in Table 1, the number of records reported in these categories is listed as aggregate data and is included in the burden hour estimate for computer maintenance and reporting. Table 1 shows the number of documents received and entered into NHTSA's data base in 2006 for each reporting category and claim type.

NUMBERS OF DOCUMENTS REPORTED TO NHTSA IN 2006: Table 1

Category Claims	Light Vehicles	Heavy, Med, Bus	Trailers	Motorcycles	Tires	Child Restraints	Equipment Mfr.	Mfrs. <500	Totals
(Injury/Fatality)	4,932	133	13	127	291	609	20	0	6,125
Property Damage*	9,754	422	720	15	4,208	422	0	0	15,541
Warranty Claims	Aggregate Data								
Consumer Complaints	Aggregate Data								
Mfr. Field Reports	146,548	7,907	127	8,794	0	2,593	0	0	165,969
Dealer Field Reports	Aggregate Data								
Foreign Death Claims	94	8	0	5	80	46	7	0	240
Totals:	161,328	8,470	860	8,941	4,579	3,670	27	0	187,875

*Property damage claims are aggregate data but are counted differently because they require more time to manually review.

In the EWR Evaluation, it was assumed that reviewing and/or processing would be required for death and injury claims/notices, property damage claims, (non-dealer) field reports, and foreign death claims. It was also determined that it would take 5 minutes on average to review a document to determine whether it should be reported, identify the involved component, and enter it into a database. Multiplying this average number of minutes times the number of documents NHTSA received in 2006 in each reporting category will yield burden hours (see Table 3).

The burden hours associated with aggregate data submissions for customer complaints, warranty claims, and dealer field reports are included in reporting and computer maintenance hours. The burden hours for computer maintenance are calculated, based on industry input, by multiplying the hours of computer use (for a given category) by the number of manufacturers reporting in a category. Similarly, reporting burden hours are calculated based on industry input, by multiplying hours used to report for a given category by the number of manufacturers for the category. Using these methods and adjusting for the actual number of manufacturers reporting EWR information to NHTSA in 2006, produces an estimate of the burden hours for reporting and computer maintenance for 2006.

Table 2 shows number of manufacturers reporting EWR data to NHTSA in 2006.

NUMBER OF MANUFACTURERS REPORTING EWR 2006: Table 2

Vehicle/equipment Category	EWR Final Reg. Evaluation Estimate	CY2004	CY2006
Light Vehicles	16	62	62
Medium, Heavy, Buses	31	79	88
Trailers	8	246	285
Motorcycles	12	14	18
Tires	10	21	28
Child Restraints	10	20	20
Vehicle Equipment		15	41
Manufacturers producing <500 vehicles per year		6	

ANNUAL BURDEN HOURS 2006:

Table 3

Category Claims	Light Vehicles	Heavy, Med, Bus	Trailers	Motorcycles	Tires	Child Restraints	Equipment Mfr.	Mfrs. <500	Totals
(Injury/Fatality)	411	11	1	11	24	51	2	0	511
Property Damage	813	35	60	1	351	0	0	0	1,260
Warranty Claims	Nothing Incremental								
Consumer Complaints	Nothing Incremental								
Mfr. Field Reports	12,278	664	10	879	0	217	0	0	14,048
Dealer Field Reports	Nothing Incremental								
Foreign Death Claims	8	1	0	1	7	4	1	0	20
Reporting Cost	1,984	976	677	288	448	320	656	0	5,349
Computer Maintenance	21,514	7,613	24,653	1,557	2,422	1,730	0	0	59,489
Totals:	37,008	9,301	25,400	2,737	3,252	2,321	658	0	80,677

Note: Totals may not be exact due to rounding functions.

In order to provide the information required for foreign safety campaigns, manufacturers must (1) determine whether vehicles or equipment that are covered by a foreign safety recall or other safety campaign are identical or substantially similar to vehicles or equipment sold in the United States, (2) prepare and submit

reports of these campaigns to the agency, and (3) where a determination or notice has been made in a language other than English, translate the determination or notice into English before transmitting it to the agency. In the first OMB justification (November 2002) for this rule, NHTSA estimated that preparing and submitting each foreign defect report (foreign recall campaign) would require 1 hour of clerical staff and that translation of determinations into English would require 2 hours of technical staff (note: this assumes that all foreign campaign reports would require translation, which is unlikely). NHTSA received 128 foreign recall reports in 2006 which results in 128 hours for preparation and submission of the reports (128 defect reports x 1 hour clerical = 128 hours) and 256 hours for technical time (128 foreign recall reports x 2 hours technical = 256 hours.)

With respect to the burden of determining identical or substantially similar vehicles or equipment to those sold in the United States, manufacturers of motor vehicles are required to submit not later than November 1 of each year, a document that identifies the foreign product and their domestic counterparts. In the first OMB justification noted above, NHTSA estimated that the annual list could be developed with 8 hours of professional staff time. NHTSA has received lists from 165 manufacturers for 2006, so this results in 1,320 burden hours (165 vehicle manufacturers x 8 hours = 1,320 hours).

Therefore, the total annual hour burden on manufacturers for reporting foreign safety campaigns and substantially similar vehicles/equipment is 1,701 hours (1,320 hours professional time + 128 hours clerical time + 256 hours technical time). Table 4 shows the total hourly burden for reporting Foreign Safety and Substantially Similar Vehicle Lists to NHTSA.

HOURLY BURDEN FOR FOREIGN REPORTING: Table 4

Task	Qty	Occupation	Burden hours	
			Per unit	Total
Annual list	165	Attorney	8	1,320
Defect report	128	Clerical	1	128
Defect report	128	Technical	2	256
				1,704

Table 5 shows the annual burden hours estimated by combining the EWR periodic reporting burden hours with the Foreign Safety Campaigns and Substantially Similar Vehicle Lists results in the total estimate of annual burden hours to the U.S. automotive industry for the TREAD Act Early Warning Program.

HOURLY BURDEN FOR TREAD ACT:**Table 5**

Reporting Type	Annual Burden Hours
EWR Reporting (Table 3)	80,677
Foreign Reporting (Table 4)	1,704
Total	82,381

Using the same hourly wage rates provided by the Alliance in May 2002 for various occupations, which were used in the EWR Evaluation and applying the 2003, 2004, 2005 and 2006 Employment Cost Index (ECI) percent changes for “Private Industry” provided by the Bureau of Labor Statistics to adjust for inflation, it is believed that a reasonable calculation of the burden cost for the 2006 calendar year can be made. Applying the 12-month percent changes in the ECI (not seasonally adjusted) for 2003 (4.0%), 2004 (3.8%), 2005 (2.5%), and 2006 (3.0%) to the hourly wage rates provided by the Alliance, yields the following wage rates for 2006 (see Table 6 below):

HOURLY WAGE RATES BY OCCUPATION:**Table 6**

Occupation	Wage Rate		
	<u>2002</u>	<u>2004</u>	<u>2006</u>
Attorney	\$101.92	\$110.03	\$116.16
Engineer	\$101.92	\$110.03	\$116.16
IT	\$113.80	\$122.85	\$129.70
Technical	\$73.55	\$79.40	\$83.83
Clerical	\$23.99	\$25.90	\$27.34

2006 wage data from industry feedback and [U.S. Department of Labor](#).

In the EWR Evaluation, NHTSA also constructed various breakdowns of the average 5 minutes of labor among the various occupations depending on the type of document that was reviewed. For example, to combine 3 minutes of technical labor and 2 minutes of clerical labor produces a combined wage rate of \$61.23 per hour, using the adjusted 2006 wage rates in Table 6. This data along with the burden hours can then be used to calculate the annual cost. Table 7 shows the annual cost of reporting EWR information to NHTSA using the information outlined in tables 1, 2, 3 and 6.

The total cost for 2006 Claims documents were obtained using the following formula:

$$\sum k t w = \text{Sum of costs for each claim type}$$

k = Documents submitted by industry in 2006
t = Average time spent on a document
w = Wage rate based on US Department of Labor and skill mix based on industry comments

The totals for computer maintenance including software, hardware, data storage, etc. were obtained using the following formula:

$$\sum m t_c i_T = \text{Sum of computer costs}$$

m = Manufacturers reporting data in the category
t_c = Annual computer maintenance time per manufacturer for the category
i_T = IT cost rate

The totals for reporting costs were obtained using the following formula:

$$\sum m t_p r = \text{Sum of reporting costs}$$

m = Manufacturers reporting data in the category
t_p = Reporting time for the category
r = Reporting cost rate

2006 EWR COSTS (\$):

Table 7

Category Claims	Light Vehicles	Heavy, Med, Bus	Trailers	Motorcycles	Tires	Child Restraints	Equipment Mfr.	Mfrs <500	Totals
(Injury/Fatality)	30,397	892	74	828	1,948	4,063	134	0	38,381
Property Damage*	45,659	2,130	2,733	80	19,697	0	0	0	70,382
Warranty Claims	Nothing Incremental								
Consumer Complaints	Nothing Incremental								
Mfr. Field Reports	307,798	40,559	623	53,191	0	13,218	0	0	217,526
Dealer Field Reports	Nothing Incremental								
Foreign Death Claims	749	69	0	42	685	333	58	0	1,938
Reporting Cost	257,332	126,651	87,801	37,355	58,107	41,505	85,085	0	694,658
Computer Maintenance	2,787,026	986,275	3,193,616	201,700	313,757	224,112	0	0	7,715,621
Totals:	3,433,026	1,157,946	3,288,740	293,543	394,662	283,567	85,378	0	8,738,506

Note: Totals may not be exact due to rounding functions.

Table 8 shows the total annual costs for reporting EWR data, including foreign safety campaigns.

Total Cost for EWR Reporting:

Table 8

Task	Qty	Occupation	2006 Wage rate (from Table 6)	Burden hours		Cost (\$)
				Per unit	Total	
Annual list	165	Attorney	\$116.16	8	1,320	153,331
Defect report	127	Clerical	\$27.34	1	127	3,472
Defect report	127	Technical	\$83.83	2	254	21,293
Foreign Campaign Totals					1,701	178,096
Totals from Table 7						8,738,506
Grand Total						8,916,602

13. Provide estimates of the total annual cost to the respondents or recordkeepers resulting from the collection of information.

There will be no other cost resulting from this collection of information, except for the burden hour costs.

14. Provide estimates of the annualized costs to the Federal government.

EWR information is entered into the data system that has been developed by ODI and subsequently analyzed. NHTSA estimates that the annualized cost estimate for EWR data is: \$1,100,000 for collecting and processing, \$50,000 for PC and network support, and \$400,000 for compliance and outreach.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.

The overall programs changes are do to a reinstatement of the information collection. For illustration purposes the figures below represent the last submission from 2005 compared to the current submission.

In Item 13a), the number of respondents changed from 439 to 542 due to an increase in the number of vehicle and equipment manufactures in 2006.

In Item 13b), total annual responses changed from 2,293 to 2,355 due to an increase in the number of vehicle and equipment manufactures in 2006.

In item 13c), total estimated annual hours decreased from 84,218 to 82,381 burden hours due to a reduction in submissions of field reports.

In Item 14), No additional or capital or start-up costs were incurred in 2006; therefore, total cost here is zero.

116. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.

This collection of information will not have results published because the data reported by manufacturers pursuant to the EWR regulation is confidential by regulation.

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

Approval is not sought to not display the expiration date for OMB approval.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

No exceptions to the certification statement are made.