

SUPPORTING STATEMENT
OMB No. 2127-0616
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 or 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.

Notices, bulletins, customer satisfaction campaigns, consumer advisories, and other communications that manufacturers provide to dealers, lessor, lessee, and owners provide NHTSA the opportunity to decide whether or not the information in the documents may warrant a potential safety defect.

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.

Notices, bulletins, customer satisfaction campaigns, consumer advisories, and other communications that manufacturers provide to dealers, lessor, lessee, and owners are allowed to be submitted to NHTSA by mail, by facsimile or by email. Most manufacturers submit them by email (about 75 percent), some manufacturers send in paper copies by mail and others send in electronic copies on disk by mail.

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.

Light vehicle manufacturers, trailer manufacturers, motorcycle manufacturers, and medium and heavy truck manufacturers of fewer than 5,000 vehicles, emergency vehicle manufacturers of fewer than 500 vehicles, and bus manufacturers of fewer than 100 buses, 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, tire, some bus and emergency vehicle manufacturers, NHTSA has used the EWR data to influence a significant number of recalls. 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.

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. The regulation will continue to require quarterly reporting 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.

NHTSA included a request for comment on this information collection in the Notice of Proposed Rulemaking proposing to revise the early warning reporting and foreign campaign regulations. This notice was published in the Federal Register on September 10, 2012 (77 FR 55605), and is attached. We have also attached a copy of the final rule.

In response to the NPRM, two entities provided comment. These comments were only on the new components to be added to EWR reporting. The Alliance of Automobile Manufacturers (the Alliance) stated that the agency had “grossly underestimated the costs of the proposed amendments” to the EWR components. The Alliance estimated costs of \$337,516 per manufacturer for a light vehicle manufacturer total of \$13 million for 40 light vehicle manufacturers. However, the Alliance based its estimate on an incorrect reading of the NPRM, which would have required manual review and expert judgment on each record to place records into the new categories (for 4 of the 6 new categories). The agency did not intend for manufacturers to change the automated processes they use to submit EWR data. Therefore, we cannot rely on the Alliance’s estimate of costs.

Honda commented to the NPRM that it had no difficulties with the new EWR categories and it estimated a total of \$135,000 and 1,350 person hours for a one-time change to the reporting process to accommodate all the new categories. Honda’s cost estimate is more than twice the agency’s estimate of 528 hours for a light vehicle manufacturer. However, Honda submitted only the total cost estimate without details of its estimate based on labor categories and labor rates, so we cannot evaluate where we differ from our very detailed estimate given in the NPRM.

In light of comments received, we reconsidered our estimates and have revised our estimate of the one-time burden hours for all manufacturers to change their reporting templates to accommodate the new EWR categories to from 27,016 hours to 39,296. The cost associated with this one-time burden is \$4.57M. Detailed are provided in #12.

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.

NHTSA's Confidential Business Information (CBI) regulation, 49 C.F.R. part 512. 72 Fed. Reg. 59434 (Oct. 19, 2007) issued early warning class determinations that certain classes of EWR information are confidential. These classes are warranty claims, warranty adjustments for tires, field reports and hard copies of field reports, consumer complaints, common green tire identifiers and production data for equipment and vehicles other than light vehicles. In addition, NHTSA determined that the last six (6) characters of the Vehicle Identification Number (VIN) in information related to EWR death and injury incident reports are confidential.

The CBI regulation did not establish class determinations for death or injury claims or notices, property damage claims or production information for light vehicles. If a manufacturer seeks confidential treatment of the data, it must submit a request for confidentiality in accordance with NHTSA's regulations for granting confidential treatment, 49 C.F.R. part 512, *Confidential Business Information* and 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.

On September 10, 2012, the Agency proposed to add several new variables and components to the EWR reporting for vehicles manufacturers (77 FR 55605). That document is attached and contains a detailed estimate of 72,913 burden hours, of which 27,016 hours were one-time burden for manufacturers to change their reporting templates to accommodate the new EWR categories.

In light of comments received (see #8 above), we reconsidered our estimates and have revised our estimate of the one-time burden hours for all manufacturers to change their reporting templates to accommodate the new EWR categories from 27,016 hours to 39,296. This allows 40 additional hours of IT staff time per manufacturer per new component reported. The cost associated with this one-time burden is \$4.57M. This was the only area that received comment therefore

all our estimates for other areas in the NPRM remain unchanged. Thus, the total burden hours are estimated at 85,193, with a total associated cost of \$10.3M, in the first year of the collection. In the second and third years the burden is reduced by 39,296 hours. See the table below.

Total Burden Hours in Each Year of Collection

Year	Burden hours
1	85,193
2	45,897
3	45,897

Breakdown of Burden Hours for TREAD Act Requirements and Associated Cost

Reporting type	Annual Burden Hours	Associated Cost (\$)
EWR Reporting	44,304	5,580,771
EWR Reporting New Variables	39,296 First year only	4,570,616 First year only
Foreign Reporting	1,009	113,900
Part 579.5	584	54,919

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

10 additional bus manufacturers may have to purchase a computer system in order to fulfill the requirements of the EWR rule. We estimate that the cost of a simple desktop computer with the appropriate database software and properly sized backup-storage device will be \$3,500 per unit, for a one-time start-up cost of \$35,000.

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. The agency will incur costs to implement software modifications to the EWR database for the proposed additional data elements. The IT development hours incurred by the contractor to the agency for these changes is estimated to be approximately 470 hours. Using an average hourly rate for labor cost of \$109 for IT labor, the total cost for the 470 hours incurred by the agency's contract labor amounts to \$51,230.

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

In Item 13a), the number of respondents changed from 542 to 281 due to changes in the reporting threshold for manufacturers.

In Item 13b), total annual responses changed from 2,355 to 1,228 due to a decrease in the number of vehicle manufactures that will be required to report under the new rule.

In item 13c), total estimated annual hours increased from 82,391 to 85,193. This number includes a 29,120 one time increase in burden hours due to rule changes and due to higher reporting thresholds that reduces the number of manufacturers who have to report and consequently a reduction in the amount of information reported.

In Item 14), the new reporting threshold for bus manufacturers cause approximately 10 additional bus manufacturers who will have to report under the revised final rule. These 10 additional bus manufacturers may have to purchase a computer system in order to fulfill the requirements of the EWR rule. We estimate that the cost of a simple desktop computer with the appropriate database software and properly sized backup-storage device will be \$3,500 per unit, for a one-time start-up cost of \$35,000.

The proposed change to vehicle type, fuel and/or propulsion system type, and four new components to the vehicle EWR reporting for light vehicle manufacturers and one new component for manufacturers of buses, emergency vehicles, and medium/heavy vehicles is likely to create a one-time cost for manufacturers to amend their reporting template and revise their software system to appropriately categorize the data. We estimate this one-time cost to be \$4.57M.

16. 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.

NHTSA's Confidential Business Information (CBI) regulation, 49 C.F.R. part 512. 72 Fed. Reg. 59434 (Oct. 19, 2007) issued early warning class determinations that certain classes of EWR information are confidential. These classes are warranty claims, warranty adjustments for tires, field reports and hard copies of field reports, consumer complaints, common green tire identifiers and production data for equipment and vehicles other than light vehicles. In addition, NHTSA determined that the last six (6) characters of the Vehicle Identification Number (VIN) in information related to EWR death and injury incident reports are confidential.

The CBI regulation did not establish class determinations for death or injury claims or notices, property damage claims or production information for light vehicles. If a manufacturer seeks confidential treatment for these data, it must submit a request for confidentiality in accordance with NHTSA's regulations for granting confidential treatment, 49 C.F.R. part 512, *Confidential Business Information*.

EWR death and injury data, property damage claims or production information for light vehicles that has not been granted confidential treatment by NHTSA's Office of Chief Counsel is available on the safecar.gov website under EWR Information (<http://www-odi.nhtsa.dot.gov/ewr/>). The data on NHTSA's website is periodically updated to include the latest EWR death and injury data, property damage claims or production information for light vehicles.

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.