**STATUS REPORT**

FEDERAL ROLE IN HIGHWAY SAFETY

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**INSURANCE INSTITUTE for HIGHWAY SAFETY**

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# STATE SAFETY REPS RAP 'NEW MONEY' POLICY

A survey conducted by Status Report indicates that state governors' highway safety representatives overwhelmingly favor continuance of the current "old money" formula for federal safety grants, and forecast gloomy prospects and curtailed federal funds for their programs if a "new money" policy is initiated.

The survey grew out of an article in Status Report's February 2 issue disclosing details of a policy difference between the House Public Works Committee and the House Appropriations Committee over interpretation of the Department of Transportation's formula for making funds available to states under the Highway Safety Act of 1966.

DOT's current "old money" formula allows a state to use on-going highway safety spending to obtain federal matching funds. However, the House Appropriations Committee feels that federal funds should be made available to match only new state appropriations in the area of highway safety.

In the Status Report survey, governors' highway safety representatives were contacted in one state in each of the DOT's nine administrative regions. With one partial exception -- an official who said he favored the "new money" formula "in theory" -- all respondents vigorously defended the current "old money" policy.

When asked what effect the "new money" formula would have if applied to state safety program efforts, the respondents reacted with comments ranging from "dismal" to "death."

A safety coordinator whose state ranked high in the DOT's recent safety program evaluation process stressed that current "old money" funding procedures have allowed his state's safety effort to achieve "considerable momentum"-- and another warned that adoption of the "new money" approach would "kill highway safety in this state."

Commonly mentioned was the "gearing-up" time that would be needed for states to adjust their budgets to a new formula, since it would require most states to increase their shares of funding for safety programs. Estimates for "gearing-up" ran from one to three years, and brought visions of "considerable slowdown in the safety effort even then."

The Insurance Institute for Highway Safety is an independent, nonprofit, scientific and educational organization. It is dedicated to reducing the losses—deaths, injuries and property damage—resulting from crashes on the nation's highways. The Institute is supported by the American Insurance Association, the National Association of Automotive Mutual Insurance Companies and the National Association of Independent Insurers,

Typical reactions were:

". . . If funds were denied, as currently administered, it would set back highway safety programs 45-50 per cent."

". . . The 'new money' formula would result in at least a temporary set back."

". . . If the change is made it will put highway safety out of business."

According to a 1969 report in which the General Accounting Office criticized the "old money" formula, federal funds are currently being used to "pay for the full cost of additional state highway safety efforts." The surveyed state safety coordinators said they view this as being the only way to initiate badly needed programs. With the present policy of matching federal funds, states are able to start safety programs without waiting for state legislative approval "which may or may not be granted," as one safety coordinator put it.

Much concern was voiced over the difficulty that already budget conscious political subdivisions would have in securing additional funds that would be needed even to keep programs at their present level.

"Safety is hard to sell," and if the current level of matching funds is diminished "it would make our job of selling safety even more difficult," a western state safety coordinator commented -- voicing an opinion widely shared by other safety coordinators contacted.

## "HOT CARS" COOLING OFF?

Hot cars -- over-powered supercars whose sale and use have concerned many highway loss reduction advocates -- may be on the way out.

While it is too early to predict the demise of the hot car, current indications are that both its popularity and feasibility are on the wane. Causes include attacks by road loss reduction advocates on muscle car advertising and sales techniques, insurance industry policies discouraging use of hot cars, emerging government anti-pollution measures, and the pattern of recent auto sales declines.

An auto industry view of the hot car's future was given recently by Bob McCurry, general manager of Chrysler's Dodge Division. He was quoted by the Detroit News' Bob Irvin as saying that as a result of government and insurance industry attacks, "the muscle car market is certainly doomed to be reduced substantially . . . ."

Government has been raising questions about muscle cars on a number of fronts. Recently Transportation Secretary John Volpe was widely quoted as deploring the auto industry's emphasis on speed in hot car ads: "Catering to the instinct to speed contributes to unsafe driving." He reportedly said that he would ask for authority to control hot car ads "if conditions warrant it."

Also recently, it was learned that the Federal Trade Commission, in testimony before the House Appropriations Committee last year, said it was working on a "special project . . . a monitoring program" which "relates to the advertising of manufacturers of automobiles that emphasizes power, high speed potential, and racing themes."

From the insurance industry have come moves toward increasing coverage rates on muscle cars to reflect their disproportionate contribution to losses. Nationwide Insurance announced a substantial rate increase on these cars during Congressional hearings last year, and numerous other companies have followed suit. Some, like Milwaukee Insurance Co., have stopped insuring such cars altogether when they are to be owned by under-25 drivers.

Nor is the hot car faring well in the car-buying marketplace right now. According to Business Week magazine, the "once-exciting 'pony cars'," of which the hot cars are a subclass, are "continuing to slump; they are down from 11 per cent of the market in 1967 to more than 6 per cent currently." In its February 28 issue, Business Week reports that the industry is reacting by giving the "muscle car look" to cars with "considerably less under the hood . . . Ford General Manager John B. Naughton concedes that they are 'cars with a lot of show, but not much go.'"

Over the long term, pressure from developing government anti-pollution policies may force the auto industry to modify its future engines to accept unleaded, regular-grade gasoline -- a step many automotive engineers believe would effectively frustrate the production of the super-engines that help give muscle cars their distinct accelerating and speed capabilities.

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**NADER ON 'FACE THE NATION'** -- The Institute has received numerous inquiries about Ralph Nader's February 16 appearance on CBS' "Face the Nation." In response to these inquiries we are reproducing verbatim his comments concerning the insurance industry:

"I think the insurance industry also requires deep scrutiny, not just for its abuses in the life and property and auto area, but particularly for its great potential which is not being fulfilled. The single most important private force for safety and health in this country should be the insurance industry. On paper they should have a vested interest in more safety safer products, less harmful environments, and right across the board a greater degree of safety and health. But, instead, they have decided to increase the premiums to cover their growing losses and not pay adequate attention to loss prevention and become more like investment trusts.

"This I think is tragic. I think the slight beginning of the insurance company to zero in on the tremendous property damage costs incurred by motorists because of the trivial ornamental bumpers and expensive designs on automobiles is an optimistic sign that they are beginning to wake up, and I think that Dr. Haddon is leading them in that direction as head of the Highway Safety Institute."

**MEETING SET ON BUMPER EFFECTIVENESS** -- The National Highway Safety Bureau will hold a public meeting to discuss its proposed rulemaking regarding height and effectiveness of motor vehicle bumpers. The meeting also will provide a forum for discussion of bumper effectiveness and "other aspects of both front and rear-end low speed collision protection," according to a DOT announcement.

Attendance is being encouraged for researchers, vehicle user groups, component and equipment manufacturers, insurers, consumers, and law enforcement agencies.

The meeting is scheduled for April 2 at 9:00 a.m. in the Department of Commerce Auditorium, Washington, D.C. Persons wishing to make comments should submit an outline and time estimate to Clue Ferguson, Office of Standards on Crash-Injury Reduction, National Highway Safety Bureau, 400 7th St., S.W., Washington, D.C. 20591 prior to March 23, 1970.

**R&T FACILITY LIMIT** -- Secretary of Transportation John Volpe has told the House Commerce Committee that a House-proposed curtailment of funds for DOT's auto safety research and test facility would be "acceptable if it prevails." In a letter to the Committee he said DOT takes "no position" on the House limitation, which would reduce to $100,000 the amount of money available to build the multi-million dollar facility in conformance with the National Traffic and Motor Vehicle Safety Act of 1966.

The limitation is one of a number of statutory changes contained in H.R. 10105, the much-delayed bill granting authorizations to the National Highway Safety Bureau for current-year motor vehicle safety activities. The House and Senate have approved differing versions of the bill -- the Senate's version, for instance, contains no limitation on funds for the test facility -- and a conference to reconcile the differences is expected sometime this month.

**"LOCAL PARTICIPATION" MANUAL AVAILABLE** -- The National Highway Safety Bureau has published "Local Participation," a booklet primarily for officials at the local level of government that gives advice on how communities can work through governors' highway safety representatives in qualifying for 50-50 matching grants under the Highway Safety Act of 1966. The manual also describes federal aid resources available for state and community programs, and suggests ways in which communities may participate in implementing DOT's 16 national highway safety standards. Copies of the manual may be obtained by contacting: Bradford Crittenden, Director, Traffic Safety Programs, National Highway Safety Bureau, 400 7th St., S.W., Washington, D.C. 20591.

**FORD FRAMES FAULTY?** -- The Department of Transportation's National Highway Safety Bureau is investigating complaints involving faulty frames in 1967 and 1968 Ford police sedans. A DOT spokesman revealed that investigations are taking place in Denver and Philadelphia.

A dispute between the city of Denver and Ford began in July, 1969, when the city initiated efforts to get satisfaction from Ford for 30 of its Ford police cars that allegedly had been found to have cracked frames. Faced with a possible court suit by the city, Ford agreed to pay $3,200 in settlement. Ford also repaired and strengthened frames of all 125 of the 1967 and 1968 Fords in the city's police fleet, and paid $1,543 to cover repair costs already incurred by the city.

Both during and following the settlement Ford representatives took the position that the frames were not faulty.

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