



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

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FOR WEDNESDAY P.M. RELEASE  
APRIL 1, 1970

DOT APR 20 1970  
7670  
Phone: (202) 963-5154  
FEB 10 1970  
TAD-494.3  
Kardex

Secretary of Transportation John A. Volpe today announced the appointment of William M. Magruder of Santa Monica, California, as Director of the Supersonic Transport Development Program and the transfer of the program from the Federal Aviation Administration to the Office of the Secretary.

"Development of the SST prototypes is one of the greatest challenges aviation technologists have faced. We need the most highly qualified leadership for this program and in Bill Magruder we have obtained it," Secretary Volpe said.

"Transfer of the Office of Supersonic Transport Development from the Federal Aviation Administration to the Office of the Secretary will insure that the program has direct access to my office and will afford me direct overview of the program.

"The transfer has the additional advantage of ensuring that the Administration responsible for certifying the airworthiness of the SST is not responsible for its development," the Secretary stated.

Magruder comes to the Department of Transportation from the Lockheed California Company, a subsidiary of the Lockheed Aircraft Corporation of Burbank, California, where he was Deputy Director of Commercial Engineering. In that position he supervised the design and development of all Lockheed commercial advanced design concepts.

He joined Lockheed in 1963 and supervised the research and testing of that firm's proposed SST design during the competition for the airframe construction contract which was ultimately awarded to the Boeing Company.

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From 1956 to 1963, Magruder was employed by Douglas Aircraft Company in the positions of Director of Market Development and Chief Engineering Test Pilot.

A native of Evanston, Illinois, Magruder was graduated from the University of California at Berkeley in 1949.

He served for three years as a pilot in the U. S. Army Air Corps during World War II and served a second tour of duty with the Air Force from 1949 to 1956 as a flight test engineer and pilot. During the last two years of that service he was responsible for testing, training and operating the initial B-52 bomber functional development program at Edwards Air Force Base in California.

The SST Program calls for the development of and flight testing of two prototype airplanes by 1974 to fly above 60,000 feet and cruise at 1,800 miles per hour.

The cost of developing the SST is estimated at \$1.5 billion, with the Federal Government's participation amounting to approximately \$1.3 billion.

The prime contractors are the Boeing Company for the airframe and General Electric Corporation for the engines.

The facilities for manufacturing the prototype were completed in 1969. Work on the first sections of the aircraft will begin in mid-1970. A full-scale metal mockup of the SST is nearing completion. The mockup is being built to verify prototype design configuration.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE WEDNESDAY  
April 1, 1970

DOT -- 7770  
Phone: (202) 963-2938

Secretary of Transportation John A. Volpe today announced the appointment of former Iowa Governor Norman A. Erbe as the first Regional Representative of the Secretary.

Governor Erbe will be located in Seattle, Washington, and will serve a region that includes the States of Washington, Idaho, Oregon, and Alaska. His principal assignment will be to coordinate the activities of the Department of Transportation in the region.

"Governor Erbe brings to the Department and to his important assignment a strong background of executive, transportation and environmental experience," Secretary Volpe said. "His service as Governor of Iowa from 1961 to 1963 was marked by strong emphasis on state government planning, business procedures, highway improvement, eradication of stream pollution and an enlightened mental health treatment program. We consider ourselves extremely fortunate in obtaining his services."

After leaving public office in 1963, Governor Erbe served as President of a pharmaceutical manufacturing company and most recently as Executive Director of the National Paraplegia Foundation.

Governor Erbe's appointment is the first of 10 Regional Representatives that eventually will be made by Secretary Volpe. The representatives will serve in the 10 national regions of the Department to be established in accordance with a 1969 Executive Order by President Nixon on the reorganization of the Executive Branch.

The reorganization will locate regional offices of the Department's seven operating Administrations in central cities and make Federal officials more accessible to local and state authorities. The Department's seven Administrations are the Federal Aviation Administration, Federal Highway Administration, Federal Railroad Administration, Urban Mass Transportation Administration, St. Lawrence Seaway Development Corporation, the National Highway Safety Bureau, and the United States Coast Guard.

A former practicing attorney, he served from 1955 to 1957 as General Counsel for the Iowa State Highway Commission and authored a book on drainage laws and the environment as well as a book on highway laws.

During his service as Attorney General of Iowa from 1957 to 1961, Governor Erbe organized and chaired the Atomic Energy Law Committee of the Attorney General Conference which studies and drafted laws to control the pollution of the environment caused by the peaceful uses of atomic energy.

He also served as Chairman of the American Delegation of Attorneys General at the Second Inter-American Conference of Public Law Administrators at Havana, Cuba, and by invitation presented a paper on "The Sovereign, Eminent Domain and the Environment."

Governor Erbe was a B-17 pilot in the 8th Army Air Corps in World War II and is a retired Colonel in the Judge Adjutant General Corps. He is married and has three daughters.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE MONDAY  
April 6, 1970

DOT -- 7970  
Phone: (202) 963-5154

Secretary of Transportation John A. Volpe today announced the third annual awards competition -- "The Highway and Its Environment," sponsored by the U.S. Department of Transportation to pay tribute to organizations which have taken extraordinary steps to protect, restore or enhance the highway environment.

The contest is open to all public and quasi-public bodies, civic and professional organizations as well as private industry. Federal agencies are excluded.

The Secretary of Transportation's award for excellence will be given for improving the highway environment in 10 categories ranging from the blending of a highway into its rural or urban setting to the preservation of historic sites and wildlife areas.

Secretary Volpe said that top recognition will be given to those entries which best exemplify the beneficial impact of highways on the esthetic and social environment.

Entries, consisting of color photographs with supporting text, must be submitted no later than August 31, 1970. A panel of environmental experts appointed by the Secretary will select the winners.

(more)



Information concerning contest categories and entry requirements may be obtained by writing to the Office of the Highway Beautification Coordinator, Bureau of Public Roads, U.S. Department of Transportation, Washington, D.C. 20591.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20590  
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FOR IMMEDIATE RELEASE

MAY 11 1970

DOT -- 9670  
Phone: (202) 963-5154

Secretary of Transportation <sup>FOR 10A Kardex</sup> John A. Volpe cited ten  
Department of Transportation employees today for their contributions to the agency's Equal Opportunity Programs.

The presentation was made during the Department's third Equal Employment Opportunity Conference attended by 150 Departmental representatives. Administrators of the Department's operating agencies and regional directors from all parts of the Nation were in attendance.

Secretary Volpe told the conference, the third to be held since he assumed office, that he was heartened by the minority hiring progress reports. He was especially pleased at the minority supergrade hiring report. From a dismal record of one minority holder of a supergrade post (GS-16 and above) last year, there are now 14 minority employees in supergrades.

"Civil rights and equal opportunity responsibilities rate among the highest priorities in the Department," Secretary Volpe said. "I expressed my commitment to this vital program early last year -- that commitment hasn't changed and will hold a high priority until equal opportunity is a reality.

"It appears that we are making progress. I think we have geared up our program to the point that we will be able to see some dramatic results," he said.

Employees receiving awards include:

Kermit W. Clark, a supervisory electronic technician at Los Angeles; Carl L. Melton, Nome, Alaska; Spann Watson, Air Traffic Service, Federal Aviation Administration; Mrs. Anna Nesbitt, Federal Highway Administration, Hartford, Connecticut; Edward Lloyd, Computer Technician, Headquarters, Department of Transportation; Miss Martha Spaulding, U. S. Coast Guard, Yorktown, Virginia; Jasper L. Kranke, U. S. Coast Guard Headquarters, Washington, D. C.; Mrs. Irene Beckwith, U. S. Coast Guard Headquarters; and Admiral Charles Tighe, U. S. Coast Guard, Long Beach, California.



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY WASHINGTON, D.C. 20590

FOR IMMEDIATE RELEASE  
April 9, 1970

DOT -- 8070  
Phone: (202) 962-3928

John Volpe, Secretary of the Department of Transportation, this afternoon announced that his Department and the Justice Department were suggesting the following procedure be followed in the courts around the country where legal proceedings had been instituted against the striking air controllers. Secretary Volpe stated:

"In Cleveland, Federal District Judge Lambros ordered the air controllers who had failed to report to work for one reason or another, to submit to a physical examination given by a panel of doctors appointed by the court and furnished by the Cleveland Academy of Medicine.

"The defendant controllers are submitting to an examination and the results are being furnished to the court. Preliminary findings indicate that a small percentage of the controllers are in fact suffering from some illness and should not be required to return to work. Those who have been found to be physically fit have been ordered by the court to return to work immediately or suffer substantial fines for each day they absent themselves.

"In light of these preliminary findings in Cleveland and further in light of the continued claims by absent controllers and PATCO officials that they are not engaged in a strike but are in truth, sick, the Justice Department is recommending to all judges presently hearing cases involving this strike, that the court adopt the following procedure:

1. That the court appoint an independent panel of doctors, hopefully in cooperation with a local medical authority, to make a medical examination of the absent controllers to discover the legitimacy of their claimed illness.

- more -



2. The Justice Department is further requesting the court to order the healthy controllers to return to work immediately or suffer financial penalties.

"The Department of Transportation will continue to follow the policy it has announced with respect to those who return to duty. Those who are in fact ill obviously will not be penalized. Those who were in fact misled lose pay for the days they were not on the job plus pay for an equal number of days. This additional penalty may be appropriately reduced where the individual's action was based on clear intimidation. Other cases, including repeaters and strike organizers, will be handled under administrative due process on their individual merits.

"Employees suspended for less than 30 days may appeal within the agency and have the procedural aspects reviewed by the Civil Service Commission. In suspension of more than 30 days and removals, the employee may appeal the merits and procedures to the Civil Service Commission. This employee is entitled to a full hearing before an impartial hearing examiner appointed by the Civil Service Commission. Thus, the Federal Aviation Administration is not judge and jury.

"The Department of Transportation and Department of Justice have taken this step in a good faith effort to bring to a conclusion this unfortunate work stoppage and its consequent financial and physical inconvenience to the American public."

Secretary Volpe was accompanied at his news conference by William Ruckleshaus, Assistant Attorney General in charge of the Civil Division.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR TUESDAY RELEASE  
April 14, 1970

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DOT -- 8170  
Phone: (202) 962-3928

APR 27 1970

Secretary of Transportation John A. Volpe today named Leslie L. Blau, of Orange, New Jersey, as Chairman of the Department of Transportation's Citizens' Advisory Committee on Transportation Quality.

Mr. Blau, who has been in the real estate business since 1920, is currently Chairman of the Blau Mortgage Company, President of the Leslie Blau Company and Vice President of the Blau Lasser Appraisal Company.

The 20-member Committee was formed in 1968 to evaluate the quality of transportation programs from the citizen's viewpoint and act as a sounding board in the consideration of alternative technological solutions to transportation problems. Mr. Blau was appointed to the Committee last October.

Secretary Volpe said recently that the task of this Committee is to keep the Department of Transportation in contact with the people who use transportation so that technology responds to human needs and is sensitive to aesthetic and environmental values.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY WASHINGTON, D. C. 20590

FOR FRIDAY RELEASE  
April 17, 1970

DOT --8470  
Phone: (202) 963-5105

The Department of Transportation announced today it intends to put the west Texas counties of El Paso and Hudspeth into the Mountain time zone.

A public hearing on the proposed time change, which would move the two counties from the Central time zone, will be held at 10 a.m., April 24, in the 34th District Court Room, 4th Floor, El Paso City-County Building in El Paso, Texas. Oral or written comments may be submitted in person at the hearing.

Written comments may be sent to the Docket Clerk, Office of the General Counsel, Department of Transportation, 800 Independence Avenue, S. W., Washington, D. C. 20590. These comments must be received by May 1.

A 1921 Act of Congress fixed the boundary between the Central and Mountain time zones as being the State line between Texas and New Mexico. That statute was recently repealed, permitting the Department to consider shifting the time line.

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# DEPARTMENT OF TRANSPORTATION

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**WASHINGTON, D.C. 20590**

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FOR SUNDAY RELEASE  
April 19, 1970

DOT. -- 8370  
Phone: (202) 962-3928

The Department of Transportation is reminding the Nation that at 2 a.m., Sunday, April 26th, the clocks will be advanced one hour in all but three States -- Arizona, Hawaii, and Michigan. Under the terms of the Uniform Time Act, passed by the Congress in 1966, the clocks of the Nation will remain advanced one hour until 2 a.m., Sunday, October 25th.

In enacting the Uniform Time Act of 1966, the Congress made the observance of advanced (daylight) time automatic throughout the country for the six-month period from the last Sunday of April to the last Sunday of October.

However, that law allows a State to exempt itself from the observance of advanced time, but only if it exempts the entire State. The Arizona and Hawaii legislatures acted in 1967 to exempt their States. Michigan, in November, 1968, became the third State to exercise the option.

Time zone boundaries in the United States have been defined, and from time to time relocated, since 1918 by the Interstate Commerce Commission, and by the Department of Transportation beginning in 1967. Prior to 1966, however, a number of communities in the vicinity of the defined boundaries chose not to recognize them. When the Uniform Time Act became effective in 1967 those communities were confronted with a problem. The 1966 Act, with its automatic advanced (daylight) feature required a far greater degree of nationwide recognition of the boundaries defined by the Federal department.

The result has been active urging by State, local, and municipal governments, as well as hundreds of requests from



private citizens for the relocation of time zone boundaries throughout the Nation. In response to formal proposals submitted to it during the past three years, DOT has made no less than ten changes to the boundaries.

DOT has repeatedly emphasized that it has no authority to exempt any State or area from the observance of advanced (daylight) time. It has, however, through relocation of time zone boundaries, attempted to reshape the zones to reflect major patterns of time observance.

A question frequently asked of DOT officials by businessmen, local government officials, and individual citizens alike is, "How does the Uniform Time Act of 1966 affect us?"

The answer is that (1) it governs the movement of all common carriers engaged in interstate and foreign commerce; (2) it governs the time of performance of governmental functions; (3) it governs the time within which personal rights accrue; and (4) it governs the time within which any person subject to the jurisdiction of the United States is required to perform or is prohibited from performing any act.

For example, it governs time stated in contracts, the time within which Federal, State, and local government offices will operate, and the schedule on which your bus, train, or airline will operate.

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FOR IMMEDIATE RELEASE  
April 20, 1970

DOT -- 8570  
Phone: (202) 963-5105

Secretary of Transportation John A. Volpe today announced a \$214,000 Federal grant to the Ohio-Kentucky-Indiana Regional Planning Authority to finance a study of mass transit improvement.

The Ohio-Kentucky-Indiana region comprises nine counties within the three states. Thirteen privately-owned transit companies provide bus service in the region. Cincinnati is the principal city in the Ohio-Kentucky-Indiana region.

"A recent survey reveals that Cincinnati Transit, Inc., the region's largest transit company, has reduced its service and contracted its facilities in an effort to maintain profitability to the point where the system is now one-third of its size in 1950," Secretary Volpe said.

"A continuation of this trend will result in the collapse of rapid transit service and an intolerable degree of traffic congestion in the urban areas of the region," Volpe said.

The Federal grant was made by the Department of Transportation's Urban Mass Transportation Administration, headed by Carlos C. Villarreal. It will be augmented by a contribution of \$107,000 from the Ohio-Kentucky-Indiana Regional Planning Authority.

The Ohio-Kentucky-Indiana region includes the counties of Clermont, Butler, Warren and Hamilton in Ohio; Boone, Campbell and Kenton in Kentucky; and Dearborn and Ohio in Indiana.

The study will be supervised by a project manager to be appointed by OKI and will be coordinated with other transit activities in the area.

Project No. INT-T9-7

For further information: Charles Ball, Executive Director  
Ohio-Kentucky-Indiana Regional Planning Authority  
Alms and Doepke Building  
222 East Central Parkway  
Cincinnati, Ohio 45202

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR IMMEDIATE RELEASE

DOT 8370

Phone: (202) 963-5154

Secretary of Transportation John A. Volpe today urged the driving public to observe School Bus Safety Week, April 20 through April 25, by a rededication to the responsibility of safe driving.

"Each school day some 18 million youngsters -- one of every four school children -- travel to and from their studies on school buses that travel a total of two billion miles per year," Secretary Volpe said.

"This heavy use of our highway system by our children and their exposure to the possibility of accident increases significantly each year as school enrollments soar.

"An adult's negligence on the highway carries with it an increasingly higher potential of accident to children -- quite possibly his own," Secretary Volpe said.

"School Bus Safety Week is an eminently appropriate time," he said, "to announce that the Department's Highway Safety Bureau has drafted and will soon circulate to the States a proposed Highway Safety Standard for Pupil Transportation Safety. When implemented at the local level, this will ensure the achievement of a high level of safe and efficient pupil transportation in school buses."

The proposed Pupil Transportation Safety Standard, when adopted by the individual states, will regulate:

- \* The equipping of school buses with emphasis upon signal lamps and stop warning devices.
- \* The selection, training and supervision of people whose duties involve the transportation of school children.
- \* The operation and maintenance of school buses.
- \* The administration of the State's pupil safety transportation program.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

FOR RELEASE MONDAY  
April 27, 1970

DOT -- 8870  
Phone: (202) 963-5105

An international conference without precedent -- one at which American automotive safety technology will be shared with foreign manufacturers -- was announced today by Secretary of Transportation John A. Volpe.

Under the sponsorship of North Atlantic Treaty Organization, the International Automotive Passive Restraints Conference will be held in Milford, Michigan, on May 11 - 12.

"The dissemination of life-saving technology should not be restricted by national boundaries," Secretary Volpe said.

"By sharing with the world's automobile industry the latest technology in occupant restraint systems," he said, "we bring closer the day when American motorists will have the most complete crash protection possible."

The unique "sharing" Conference is to be sponsored by NATO's Committee on Challenges to the Modern Society. It will bring together the U. S. Department of Transportation and the American auto industry's "big four" as co-hosts of the two day, international session. The Conference will include a number of technical workshop seminars, as well as demonstrations, both filmed and live, of various automatic devices aimed at maximum crash-protection. General Motors Corporation has donated the use of its test facilities at Milford, Michigan, as the Conference site.

Secretary Volpe's announcement followed by a few days the European announcement of the Conference. Presidential Advisor Daniel Patrick Moynihan told of U. S. intentions during the closing sessions of the Brussels NATO Conferences on April 15. Moynihan had explained that the U. S. Department of Transportation's National Highway Safety Bureau would soon be issuing a Safety Standard requiring passive restraint systems to be installed in all new passenger cars starting January 1, 1972. "In effect," he said, "we would be excluding foreign automobiles from our market if we didn't take this initiative now to share our (passive restraints) knowledge."

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Under NATO's sponsorship, Secretary Volpe explained in today's announcement, all foreign manufacturers and interested Governments will be invited to view and to share U. S. technical developments in the crash-protection devices known as Airbags -- to date the most promising and advanced of known passive restraint systems. At the same time, any manufacturers with different systems or new innovations will be invited to introduce them to the world's industry at the May 11 Conference.

Director Douglas W. Toms, whose National Highway Safety Bureau is developing the Conference agenda and program, hailed it as a meeting without precedent. "For the first time we will see a full, voluntary sharing of technical and highly marketable information," he said, "not only between free competitors in the U. S. marketplace, but among the vitally concerned elements of the international marketplace, as well." Pointing out that huge benefits to U. S. motorists and to international highway safety could be the result, Toms said the Conference would be an illustration of NATO's role in bringing progress on an international scale. "When we can rise above our political and economic limitations, recognizing our common goals and pooling our skills openly, the world community moves ahead. Every one of us will gain a new, dramatically improved level of safety on the highway as a result of this Conference."

In addition to officials from the U. S. auto industry, co-hosts with Department of Transportation officials, attendees will include a number of Senators and Congressmen, key officials of NATO and the Federal Government, joined by foreign manufacturers and exhibitors from Nations both in and out of the North Atlantic Treaty Organization. Among officials already scheduled to attend are President Nixon's special representative Daniel Moynihan; Transportation's John A. Volpe and Douglas Toms; and NATO's Assistant Secretary-General for Scientific Affairs, Gunnar Randers, of Norway.

SPECIAL NOTE TO EDITORS AND MEDIA...

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# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20590

DOT LIBRARY

FOR MONDAY RELEASE  
April 27, 1970

DOT -- 8970  
Phone: (202) 962-3928

Secretary of Transportation John A. Volpe today announced the appointment of John P. Olsson of Wilton, Connecticut, as Deputy Under Secretary of Transportation.

He succeeds Charles D. Baker, whom President Nixon has appointed Assistant Secretary of Transportation for Policy and International Affairs. Olsson's appointment is effective April 28.

"It is a pleasure for me to announce the appointment of John Olsson," Secretary Volpe said. "He brings a wealth of management experience to a sensitive position in the Department of Transportation.

"The Deputy Under Secretary's role is a critical one because here is where many of crucial budgetary and program decisions are made."

Mr. Olsson is presently assistant to the Senior Vice President of the United States Smelting, Refining and Mining Company of New York. With U. S. Smelting, he has been monitoring all aspects of the company's business, particularly financial management, plant operations and markets.

Mr. Olsson was born on May 17, 1928, in Chicago, Illinois. He is a graduate of Assaria, Kansas, High School, the University of Kansas (B.S.) in 1950 and the Harvard Graduate School of Business Administration (M.B.A.) in 1955. From March 1951 to June 1953 he served in the United States Navy.

After his graduation from Harvard, Mr. Olsson went to work for the Climax Molybdenum Company, a division of American Metal Climax, Inc., where he was budget officer, controller, vice president and president of their specialty metals divisions. He joined U. S. Smelting in April 1, 1969.

Mr. Olsson is married to the former Margaret Griffith. The Olsson's have four daughters.

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# DEPARTMENT OF TRANSPORTATION

# NEWS

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## OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20590

FOR TUESDAY RELEASE

April 28, 1970

DOT -- 9070

Phone: (202) 963-5105

APR 29 1970

FOB 10A Kardex  
TAD-494.3

Auto insurance repaid only one-fifth of the \$5.1 billion compensable losses resulting from deaths and serious injuries in 1967 automobile accidents according to a report released today by Secretary of Transportation John A. Volpe.

"Auto accidents are killing or seriously injuring more than half a million people every year," Secretary Volpe said. "The \$9.1 billion of economic loss suffered by this limited class of accident victim in 1967 brings home once again the great price society is paying for automobile crashes."

Secretary Volpe said, "Everyone concerned with the auto accident compensation problem will want to study the detailed findings of this report carefully and consider the possible implications for auto insurance reform."

Secretary Volpe reiterated his commitment to cut down the highway accident toll that last year claimed more than 56,000 lives -- 150 Americans killed every 24 hours. "Every day an increasing percentage of the automobiles on our highways are ones manufactured under the Department's safety standards," Secretary Volpe noted. "This, coupled with the continuing efforts of the Department, the automotive industry, state and local law enforcement agencies and other concerned people will reduce the death toll in the future -- hopefully by as much as 10,000 lives within the next two years."

The report is part of the Department of Transportation's Auto Insurance and Compensation Study. It was prepared by Westat Research, Inc., of Bethesda, Maryland, with assistance from the Bureau of the Census, Department of Commerce, and the Department of Transportation.

Of the \$9.1 billion in total losses, the study considered only \$5.1 billion as losses which might probably be compensated for. The study did not assign a value for the lost earnings of fatally injured victims who did not leave dependent survivors.

A total of \$2.5 billion, or less than one-half of the potential compensation, was actually paid and only \$1.1 billion was paid by auto insurance -- \$800 million from liability insurance; \$100 million from medical payment insurance and \$150 million from collision insurance.

About \$1.5 billion was provided from other sources -- \$360 million from life insurance; \$280 million from hospital and medical insurance; \$250 million from social security; and \$475 million from various other sources.



Other findings reported were:

- \* Victims with losses greater than \$25,000 recovered only one-quarter of their losses from all sources and only one-tenth from auto liability insurance. Those with an economic loss less than \$500 recovered four and one-half times their loss, with auto liability accounting for nearly all the overpayment.
- \* About one-third of the recovery for personal and family loss was from tort -- claims against another party or his insurance company.
- \* Legal costs amounted to about one-fourth of total recovery under tort cases.
- \* On the average, 16 months elapsed between the dates of the accident and the settlement of a tort claim.
- \* Both actual and future wage losses were poorly compensated for.
- \* Males between 15 and 44 suffered 39% of the serious injuries and fatalities although they constitute only 20% of the population.

For the purposes of the study, persons were considered seriously injured if they had been hospitalized for two or more weeks; or had \$500 or more of medical costs excluding hospital costs; or missed three weeks of work; or, if not working, missed six weeks or more of normal activities. The study represents approximately 500,000 fatalities and seriously injured persons.

Single copies of the report are available from the Office of Information (TPA-20), U.S. Department of Transportation, Washington, D. C. 20590.

Economic Consequences of Automobile Accident Injuries is the fifth in a series of research reports being produced from the Department's Automobile Insurance and Compensation Study. Others previously released are:

1. Public Attitudes Toward Automobile Insurance, a study of consumer attitudes towards automobile insurance, including levels of satisfaction and dissatisfaction with the present system and preferences for reform.
2. The Origin and Development of the Negligence Action, a collection of four papers by scholars in the field of tort law.
3. Constitutional Problems in Automobile Accident Compensation Reform, a collection of papers by three scholars in the field of constitutional law.
4. Structural Trends and Conditions in the Auto Insurance Industry, a report of the Bureau of Economics, Federal Trade Commission.

## DEPARTMENT OF TRANSPORTATION

### SUMMARY DESCRIPTION AND MAJOR FINDINGS OF THE STUDY OF AUTO ACCIDENT VICTIMS

The Department of Transportation's Report, Economic Consequences of Automobile Accident Injuries, presents the results of a half-million dollar, 18-month, nationwide study of what happens to automobile accident victims and their survivors in terms of their economic losses and how and to what extent these losses are compensated.

This project was an integral and vital part of the Department's two-year, \$2 million Automobile Insurance and Compensation Study which was authorized by Congress in May 1968.

#### Why the Accident Victim Study Was Made

One of the major purposes of the overall Auto Insurance Study is to determine how well our existing compensation mechanisms--auto insurance, Social Security, Medicare, workmen's compensation, Blue Cross/Blue Shield, etc.--perform in compensating auto accident victims for their losses. No one of these systems covers all victims, nor does any specific system's individual records show what part of a victim's loss might have been compensated by another system. Complete information on this subject, therefore, is impossible to obtain from any single existing institutional source. But without this information, it is impossible to make an informed, valid judgment about the effectiveness of the overall compensation mechanism.

Only the victims, themselves, or their survivors possess the best evidence as to their losses and their reparations. Therefore, it was decided that a major share of the Study's resources should be devoted to obtaining fresh data on this subject that would be both highly reliable and representative of the entire country's experience. Particular care was devoted to the design of the sample, to the conduct of the field interviews, and to extensive follow-up data verification procedures. The result, it is believed, is the most reliable and comprehensive picture of how victims of car crashes are faring today.

#### The Conduct of the Accident Victim Study

Basic factual data for the Accident Victim Study was obtained from in-depth home interviews of accident victims conducted by the Bureau of the Census personnel throughout the country. The persons interviewed, crash victims or their survivors, were scientifically selected from a sample of police accident investigation reports. Information given by the interviewees was, in any doubtful case, checked with their hospital, doctor, lawyer, etc.



This study was concerned almost entirely with a special class of auto accident victim, one who had been killed or who had suffered a "serious" injury. For this study's purpose, a "seriously injured" accident victim was defined as one who had been hospitalized for at least two weeks, or, had at least \$500 medical costs other than hospital costs, or, if working, had missed at least three weeks of work, or, if not working, had missed at least six weeks of normal activities. The interview sample was drawn in such a way as to be representative of nationwide experience so that national estimates of victims' losses and reparations could be obtained.

### Economic Loss to Society

An estimated 513,000 people were seriously injured or killed in auto accidents during the study year -- 454,000 injured and 59,000 killed. The loss to society as a result of these accident injuries and fatalities, in terms of damages incurred and services foregone, totalled more than \$9 billion. In addition, and not reflected in the discussion to follow, many more billions of dollars were lost as a result of accidents involving only property damage or less serious injuries.

This \$9 billion loss to our economy is an important figure. In addition to the immeasurable price society is paying in terms of irreparable suffering and human misery, this monetary cost of car crashes starkly shows the importance of safety and loss prevention efforts by individuals, private businesses, and local, state and Federal governments, and suggests the kind of priority society should attach to these efforts.

### Compensable Economic Losses to Victims or Their Survivors

Not all economic losses need to be compensated. For example, fatally injured victims without dependent survivors do not require compensation for the value of their lost future earnings, even though the denial of those victims' services constitutes a real loss to society as a whole. However, insurance or other compensation mechanisms should be expected to cover only those losses where there is somebody to compensate. While there is necessarily a certain arbitrariness in identifying losses as potentially "compensable," a conservative estimate would be that about \$5.1 billion out of the \$9 billion total economic loss should be compensated. These are the losses against which the performance of the compensation systems should be measured.

### Components of Compensable Economic Loss

Economic loss, as defined in this study, includes all costs that can be objectively measured, i. e., medical, hospital, lost wages (past and future, with future lost earnings discounted to present value), property damage, cost of replacement services (e. g., maid service for an



incapacitated housekeeper), funeral expenses, car rental, etc. Economic loss does not include any consideration of inconvenience, pain and suffering, disfigurement or other intangible losses, even though some people would feel that these damages, too, can and should be compensated with money.

Total compensable economic loss broke down as follows:\*

<u>Total compensable economic loss</u>	<u>\$5.1 billion</u>
<u>Total loss to date of interviews</u>	<u>\$2.0 billion</u>
Hospital	\$ .4 billion
Other medical	\$ .4 billion
Property damage	\$ .3 billion
Wage loss	\$ .9 billion
Other	\$ .1 billion
<u>Total future loss (mostly wage loss)</u>	<u>\$3.1 billion</u>

#### Reparations for Loss

About nine out of ten victims received something by way of reparations for their losses. These reparations came from many sources:

<u>Total Reparations</u>	<u>\$2.5 billion*</u>
<u>All Auto Insurance</u>	<u>\$1.1 billion</u>
Liability (tort)	\$800 million
Medical payments	\$100 million
Collision	\$150 million
<u>All Other Sources</u>	<u>\$1.5 billion</u>
Social Security	\$250 million
Life insurance	\$360 million
Hospital/medical insurance	\$280 million
Sick leave	\$ 75 million
Workmen's compensation	\$ 50 million
Other	\$350 million

One particular source of compensation deserves special attention--auto liability insurance which compensates victims according to the fault or negligence principle. Liability insurance recoveries, which were received by less than half (46%) of the victims, contributed only about one-third of the total reparations received. Moreover, a very substantial share of these tort reparations went to compensate, not measurable economic losses, but, rather, intangible losses such as pain and suffering.

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\*Detail may not add to totals due to rounding.

The proportions of families with auto accident-caused serious injuries or fatalities receiving some compensation from selected sources were:

<u>SOURCE</u>	<u>PERCENT OF FAMILIES</u>
Any source	91.1%
Medical/hospital insurance	47.9%
Life insurance	7.2%
Auto medical payments	35.1%
Collision	29.9%
Social Security	2.0%
Workmen's compensation	6.7%

#### Comparison of Compensable Losses and Reparations

One very basic way of viewing the performance of the overall compensation system in the case of the seriously and fatally injured is to compare their total economic losses to their total reparations from all sources:

Total compensable economic losses	\$5.1 billion	100%
Total reparations - all sources	<u>2.5 billion</u>	<u>49%</u>
Uncompensated economic losses	\$2.6 billion	51%

As previously indicated, a substantial amount of the \$800 million of tort reparations went for intangible rather than economic losses, exclusion of these amounts would, of course, raise the proportion of uncompensated economic losses.

However, simple comparisons of aggregate losses and reparations tend to hide some very important differences in the way specific individual victims or their families fare under the present system. For example, only three out of ten victims with losses over \$10,000 get compensated for more than half their economic loss. The average (median) victim in the \$10,000 plus loss category recovered only a third of his economic loss. Only one out of every ten such victims received anything more than his economic loss. In other words, for those suffering the most in terms of measurable economic loss (\$10,000 or more), it is rare that any compensation is received for intangible loss (pain and suffering, permanent disfigurement, loss of companionship, etc.).

By contrast, of those with economic losses less than \$1,000, more than half recovered more than their losses; indeed, a third recovered more than double. The average (median) victim recovered slightly more than his loss. The typical person with a loss under \$500 recovered twice his loss. As a result of this misallocation of reparation resources, the actual amount of uncompensated economic loss was not \$2.6 billion, but rather \$3.1 billion -- or more than 60% of compensable economic loss. Only 40% of this conservatively estimated loss (excludes all intangible losses) was compensated by any system!



### Compensation Under the Tort (Fault) System

If a victim did receive compensation under the auto liability insurance system (less than half actually did), he was much more likely to recover his entire economic loss. However, even with tort liability recovery, the average victim with losses between \$10,000 and \$25,000 recovered from all sources only 70% of his losses; if his losses were over \$25,000, he recovered only a third.

For those recovering under the tort liability system, legal costs loomed large, representing on the average one-third of the gross tort recovery. For more than one out of every 20 such victims, lawyers' fees and costs took more than half their total tort recovery.

One alleged shortcoming of the tort system is that a long time elapses between injury and settlement, and that this delay in payment, by itself, poses a significant hardship for a victim or his survivors. This study found that, on the average, 16 months elapsed between the accident and time of final tort payment. Moreover, the larger the loss, the longer it took. For losses over \$2,500, the average time to settlement rose to 19 months. About 8% received interim payments, although this did not seem to affect significantly the total elapsed time to settlement.

The educational level of the victim also appears to have an effect on how he fares under the tort system. Those who had gone to college were more likely to have hired a lawyer and probably as a result, they recovered a higher proportion of their total economic loss.

### Some Other Findings

The study also demonstrates a distressing disuse of rehabilitation services in auto accident cases. Any compensation system should clearly establish as its first priority the restoration of the injured to productive service. Yet fully 30% of the seriously injured who were referred to rehabilitative services did not participate. What's more, the percentage of nonparticipation was much higher for those suffering long-time disability or impairment than for those who lost no time from normal activities. Clearly such a situation is intolerable and leads to serious questions as to whether the present system contains disincentives to prompt and effective rehabilitation of accident victims.

Although the report concentrates on economic measures of loss and reparations, it does give some insights into the human sufferings associated with the losses. For example, in the case of 22% of seriously injured victims,



another family member was forced to seek employment. Fourteen percent had to move to cheaper housing, 30% had to draw on savings, and 28% had to borrow money to meet expenses. Twenty-nine percent missed credit payments, and fully 45% had to change their standard of living.

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