

1

AD-A267 335



DTIC
ELECTE
JUL 26 1993
S E D

STATE
Approved for public release
Distribution Unlimited

93-16724
Vertical barcode

Resources, Community, and
Economic Development Division

B-229018

January 9, 1991

The Honorable Norman Y. Mineta
Chairman, Subcommittee on Surface
Transportation
Committee on Public Works and Transportation
House of Representatives

Dear Mr. Chairman:

Accession For	
NTIS	CRA&I ☒
DTIC	TAB ☐
Unannounced ☐	
Justification	
By	
Distribution /	
Availability Codes	
Dist	Avail and / or Special
A-1	

In response to your request, we examined the Federal Highway Administration's (FHWA) efforts to promote the safe operation of commercial motor vehicles, as required by the Motor Carrier Safety Act of 1984. In October 1986, FHWA initiated a safety review program to educate motor carriers—persons or companies that transport goods or passengers as a business—about federal safety regulations and to rate the safety management controls that interstate carriers have in place in order to comply with these regulations. These controls are the procedures and policies necessary to help ensure that commercial motor vehicles operate safely on the nation's highways.

Building upon our previous work on the safety of commercial motor vehicles,¹ this report discusses the progress FHWA has made in (1) rating motor carriers' safety fitness and (2) ensuring that motor carriers with less than satisfactory safety fitness ratings correct their deficiencies.

Results in Brief

FHWA had rated the safety fitness of about 84,300 (40 percent) of the 213,000 interstate motor carriers in business, as of May 15, 1990. While the agency has accomplished a great deal, about 129,000 carriers must be rated before the agency's established deadline of September 30, 1992, for rating all carriers. FHWA is unlikely to meet this deadline because (1) the universe of carriers is constantly changing (in fiscal year 1989, for example, about 21,000 new carriers entered the marketplace and about 16,000 went out of business or merged with another carrier) and (2) FHWA has assigned a limited number of safety investigators to this task.

Although 70 percent of the motor carriers assessed under the safety review program received a less than satisfactory (conditional or unsatisfactory) rating, FHWA has not adequately implemented its two follow-up procedures for reasonably ensuring that carriers correct deficiencies in

¹See "Related GAO Products" at the end of this report.

safety management controls—certification letters from carriers and compliance reviews. FHWA does not routinely follow through when carriers, after receiving a conditional or unsatisfactory rating, fail to submit the required letter certifying that they have corrected deficiencies. In addition, FHWA's follow-up compliance reviews—to ascertain whether carriers rated less than satisfactory have since adopted the proper safety management controls—have been limited and untimely. Until FHWA knows whether carriers have improved their controls, it has little assurance that its safety review program is promoting the safe operation of commercial motor vehicles.

Background

The Motor Carrier Safety Act of 1984 (title II of P.L. 98-554) required that the Secretary of Transportation establish a "procedure" to determine the safety fitness of owners and operators of commercial motor vehicles² in order to promote their safe operation. Delegated this responsibility, in October 1986 FHWA developed the safety review program, under its larger Educational and Technical Assistance Program (ETA), to educate motor carriers about the Federal Motor Carrier Safety Regulations (FMCSR) and the Hazardous Materials Regulations (HMR) and to rate motor carriers' safety management controls. ETA's primary tool is the safety review, during which FHWA determines whether a motor carrier has implemented safety management controls that comply with federal regulations. Safety management controls are the systems, programs, practices, and procedures a motor carrier has to ensure compliance with the applicable safety and hazardous materials regulations, to ensure that products and passengers are transported safely, and to reduce the risk of highway accidents and hazardous materials incidents resulting in fatalities, injuries, and property damage. (App. I describes the safety review program in more detail.)

During the safety review, which consists of an interview with the carrier's representatives and a review of a small number of records, an FHWA investigator or state inspector obtains answers to 75 questions on safety regulations and management practices. These questions are designed to determine whether the carrier (1) has adequate safety management controls in place to comply with the applicable federal safety

²As defined by the act, a commercial motor vehicle is any self-propelled or towed vehicle used on highways in interstate commerce to transport passengers or property. The vehicle must (1) weigh 10,001 or more pounds; or (2) be designed to transport more than 15 passengers, including the driver; or (3) be used to transport hazardous materials, according to the Hazardous Materials Transportation Act.

regulations and (2) is in acceptable compliance with these regulations. On the basis of this on-site review, FHWA assigns the carrier a fitness rating of satisfactory, conditional, or unsatisfactory. A satisfactory rating means that the carrier has established and is using adequate safety management controls that meet FHWA's safety fitness standard.³ A conditional rating means that the carrier has inadequate controls that could result in violations of the FMCSR. An unsatisfactory rating means that the carrier has inadequate controls that have resulted in violations of the FMCSR. FHWA provides carriers rated less than satisfactory with a description of the specific items that need to be corrected. Within 30 days of the safety review, the carrier must certify in a letter that it has taken the necessary corrective action. However, submission of a certification letter does not change a carrier's rating. A rating can be changed only as a result of either FHWA's review of a rating disputed by a carrier or a follow-up compliance review.

FHWA policy requires that carriers rated less than satisfactory under either a safety management audit (the predecessor of the safety review) or a safety review receive a *follow-up compliance review*.⁴ Although a compliance review covers the same 75 questions as a safety review to assess a carrier's safety management controls, it is more comprehensive in that the investigator reviews a statistical sample of the carrier's records and conducts full vehicle inspections. These reviews can result in a change in the carrier's rating, an enforcement action, or placement of the carrier in a monitoring program.

FHWA Has Rated About 40 Percent of the Active Interstate Carriers

As of May 1990, FHWA had rated the safety fitness of about 84,300 (40 percent) of the approximately 213,000 interstate motor carriers then in business. Thus, FHWA still needs to rate another 129,000 of these carriers. Although its goal is to rate all motor carriers by September 30, 1992, FHWA is unlikely to meet this goal because the universe of carriers keeps changing and FHWA has assigned limited resources to this task.

³The safety fitness standard requires a motor carrier to demonstrate that it has adequate safety management controls in place that function effectively to ensure acceptable compliance with the applicable federal safety requirements. This standard was developed as a satisfactory benchmark against which to measure a motor carrier's safety posture.

⁴A compliance review may also be conducted (1) in response to a request from a carrier to have its rating changed, (2) in response to a complaint against the carrier, or (3) as part of a routine periodic inspection of a carrier that has been rated satisfactory.

Number of Motor Carriers Rated

From September 1980 to May 1990, FHWA rated the safety fitness of about 100,000 motor carriers. Of this total, 62,189 were rated since 1986 under the safety review program. The remainder received ratings under the earlier safety management audit program, other programs, or compliance reviews. As of May 15, 1990, only 84,300 of the total number of rated carriers were still in business. Thus, of the approximately 213,000 interstate motor carriers in business as of May 15, 1990 (according to FHWA's motor carrier census file), about 129,000 still need to be rated.

In 1987, FHWA set a goal of rating the safety fitness of all interstate motor carriers by September 30, 1990. However, because of its slow progress, in 1988 FHWA changed its target date to September 30, 1992. FHWA officials do not expect to meet this deadline because (1) the universe of motor carriers is constantly changing and (2) FHWA does not have enough staff to conduct all of these safety reviews. FHWA is currently reevaluating its target date.

Motor Carrier Universe Is Constantly Changing

Frequent large changes in the motor carrier universe complicate FHWA's goal of rating all carriers by the target date. In fiscal year 1988, according to FHWA statistics, about 21,700 carriers entered the marketplace, while 41,000 exited (went out of business or merged with another carrier); in 1989, about 21,200 carriers entered the marketplace, while 16,500 exited. FHWA's work load data show that the number of carriers entering the marketplace in any one month can exceed the number that underwent safety reviews.

Limited Staff Conduct Reviews

As of December 31, 1989, FHWA had 167 safety investigators nationwide to conduct safety reviews. FHWA division offices located in the states are generally staffed with 10 or fewer investigators; some offices have only 1 or 2 investigators. Besides conducting safety reviews, these investigators (1) conduct compliance reviews, specific investigations of motor carriers, or accident investigations, (2) develop and prepare enforcement actions against carriers that are in violation of federal safety regulations, and (3) present safety seminars before industry groups, among other duties. In November 1989, the Congress provided FHWA with the authority and funding to hire 150 additional investigators. According to FHWA officials, all 150 new investigators have been hired, but they will require both formal and on-the-job training for approximately 1 year before they can independently perform safety reviews.

Currently, 28 states assist FHWA in conducting safety reviews. As of March 31, 1990, state personnel had conducted about 12,000 safety reviews, or about 20 percent of those completed since October 1986. Despite this assistance, FHWA division and headquarters officials do not believe that they will be able to rate all motor carriers by the 1992 target date.

FHWA Has Not Done Enough to Ensure That Motor Carriers Correct Deficiencies

About 43,269, or 70 percent, of the motor carriers rated under the safety review program received a conditional or unsatisfactory rating, indicating deficiencies in safety management controls that need to be corrected. Despite this large number, FHWA has not done enough to ensure that carriers correct deficiencies, primarily because its strategy for bringing carriers into compliance with federal safety regulations focuses on education, through safety reviews, rather than on follow-up measures. Three of the five FHWA division offices we visited do not routinely ensure that motor carriers, after receiving a less than satisfactory rating, submit the required letter certifying that they have improved their safety management controls. Additionally, FHWA has completed follow-up compliance reviews for only 17 percent of the carriers that were rated less than satisfactory. The majority of these reviews have not been timely. Thus, since FHWA does not usually take enforcement actions until after a compliance review, it may be several years before a carrier is required to correct the deficiencies identified during its safety review.

FHWA Does Not Ensure That Certification Letters Are Submitted

FHWA headquarters leaves to the discretion of division personnel procedures for following up on carriers that have not submitted a letter certifying that they have corrected deficiencies in safety management controls identified during the safety review. Failure to certify and submission of false certifications are violations of FHWA regulations that are subject to enforcement actions.

We estimate that about 50 percent of 3,224 carriers rated less than satisfactory failed to submit the required certification letter.⁵ Despite this problem, three of the five division offices we reviewed do not routinely follow up to ensure that the letters have been received. One of these offices is under the erroneous belief that regulations do not require carriers to submit them. Another division office does not pursue the matter

⁵In five division offices, we sampled records of the 3,224 carriers rated after safety reviews conducted in fiscal years 1987 and 1988. See appendix IV for more details on our methodology.

because higher-priority tasks absorb its staff's time. Although FHWA regulations provide for enforcement actions, the division offices did not penalize any of the carriers in our sample that did not submit a certification letter.

According to GAO's internal control standards, federal agencies should maintain effective and efficient internal control techniques.⁶ To be effective, techniques should fulfill their intended purpose in actual application. FHWA has not effectively used a key internal control technique—follow-up on certification letters—for ensuring that motor carriers correct deficiencies in safety management controls identified during safety reviews.

Follow-Up Compliance Reviews Have Been Limited and Untimely

Because of other demands on staff time, FHWA has conducted only a limited number of the follow-up compliance reviews required for carriers rated less than satisfactory. FHWA policy stipulates that carriers rated unsatisfactory should be reviewed before carriers rated conditional. As of May 15, 1990, about 17 percent of the carriers that were rated less than satisfactory after safety reviews in fiscal years 1987 through 1989 had received a compliance review: 61 percent of the carriers rated unsatisfactory and 10 percent of the carriers rated conditional. The remaining 78 percent—excluding about 5 percent that have gone out of business or have merged with other carriers since their safety review—have yet to receive a compliance review: 30 percent of the carriers rated unsatisfactory and 87 percent of the carriers rated conditional. Additionally, we found that about 16 percent of the carriers rated unsatisfactory after safety reviews conducted as far back as 1987 have not yet received a compliance review. (See table II.1 in app. II for further details on the status of compliance reviews.)

According to FHWA headquarters officials, FHWA attempts to perform compliance reviews within 8 to 10 months of issuing a conditional or unsatisfactory safety fitness rating. We found that of the approximately 28,600 carriers rated less than satisfactory after safety reviews conducted in fiscal years 1987 and 1988, the vast majority had not received a compliance review within 12 months of their safety review. Only 23.1 percent of the carriers rated unsatisfactory and 1.7 percent of the carriers rated conditional received a compliance review within 12 months. (See table II.2 in app. II for further details on the time interval between

⁶Standards for Internal Controls in the Federal Government, GAO (Washington, D.C.: Government Printing Office, 1983).

the two reviews.) Because of these delays in conducting compliance reviews—another key internal control technique—FHWA is not as efficient and as effective as it could be in ensuring that deficiencies in safety management controls are corrected.

Some Carriers Had Safety Problems During Period Between Safety Review and Compliance Review

The lengthy interval between safety reviews and follow-up compliance reviews provides little incentive for carriers rated less than satisfactory to promptly improve their safety management practices. We found that many of these carriers were cited for safety violations during roadside inspections conducted after their safety review but before their compliance review.⁷ Of a total of 3,224 carriers with less than satisfactory ratings from five division offices, we estimate that 29 percent were cited for out-of-service violations as a result of roadside inspections during this period. (Out-of-service violations are mechanical defects in the vehicle or driving deficiencies so serious that the truck or driver is legally not allowed to continue the trip until these problems are corrected.) Moreover, we estimate that about 10 percent of these carriers were involved in one or more accidents. For example, one or more trucks belonging to one motor carrier rated unsatisfactory were cited for defective brakes seven times and placed out of service nine times between the carrier's safety review (August 1, 1988) and compliance review (November 1, 1989). In February 1989, one of the same carrier's trucks was involved in an accident and cited for defective brakes. (App. III contains additional examples of safety problems carriers had after safety reviews.) More timely compliance reviews could go a long way toward ensuring that carriers correct deficient safety management controls.

Recent Legislation Should Encourage Carriers to Correct Deficiencies

During our review, we found the following:

- FHWA did not have any regulation or guideline to encourage federal agencies not to contract with carriers that have an unsatisfactory rating.
- The General Services Administration and the U.S. Postal Service, two agencies we contacted, did not require that contract carriers maintain a satisfactory FHWA safety rating. Instead, they relied on FHWA to ensure that carriers were complying with the applicable federal safety regulations. In reviewing FHWA files, we found that one motor carrier rated unsatisfactory had a contract with the Postal Service.

⁷We made no attempt to determine whether carriers rated satisfactory had similar problems after their safety review.

-
- The Department of Defense (DOD) was the only federal agency that required all carriers transporting hazardous materials, ammunition, explosives, and passengers under contract to maintain a satisfactory FHWA safety rating. Transporters of general cargo (regular commodities) had to maintain at least a conditional rating to obtain a DOD contract. Carriers that had not yet been rated could transport only general cargo. Through a direct computer link with FHWA's Motor Carrier Management Information System, DOD can immediately check a carrier's safety rating.

We informed your office of these findings and our recommendations. Your subcommittee, in deliberations with other congressional committees on the Motor Carrier Safety Act of 1990 (P.L. 101-500, section 15), was successful in including provisions that addressed our findings. Signed by the President on November 3, 1990, the act specifies, among other things, the following:

- A motor carrier with an FHWA unsatisfactory safety rating must improve its rating to satisfactory or conditional within 45 days or it will not be allowed to transport hazardous materials or 15 or more passengers.
- If requested to do so by a carrier that has received an unsatisfactory safety rating, FHWA must review within 30 days the conditions and other factors that resulted in the rating.
- Federal agencies may not use a motor carrier that has an unsatisfactory safety rating to transport hazardous materials or 15 or more passengers.
- The Secretary of Transportation must establish a system to make available to the public the safety ratings of motor carriers rated unsatisfactory.
- The Secretary must establish procedures to require that an enforcement action be initiated for serious safety violations found at the time of the safety review, compliance review, or other inspection or audit activity.

Conclusions

FHWA is unlikely to meet its goal of providing safety fitness ratings by September 30, 1992, to the 129,000 interstate motor carriers that still need to be rated under the safety review program. Recognizing this problem, FHWA is reassessing its target date. Although rating all carriers by a specific date may not be feasible because of the constantly changing universe of carriers, we believe that the prompt establishment of a realistic goal is important to FHWA's safety review program.

Furthermore, FHWA has not adequately implemented its follow-up procedures for requiring that motor carriers rated less than satisfactory correct their deficiencies. Until FHWA knows—through certification letters

and compliance reviews—whether carriers have brought their safety management controls into compliance with federal regulations, it has little assurance that it is effectively promoting the safe operation of commercial motor vehicles. Establishing a realistic goal for safety fitness ratings will permit FHWA to better direct its limited resources not only to completing initial safety reviews but also to ensuring, through timely follow-up, that deficiencies in safety management controls are corrected.

We believe that the recently enacted legislation, if properly implemented, goes a long way toward ensuring that carriers improve their safety management controls. Furthermore, the legislation should encourage carriers with an unsatisfactory rating that transport hazardous materials or 15 or more passengers to correct their deficiencies.

Recommendations

We recommend that the Secretary of Transportation direct the FHWA Administrator to

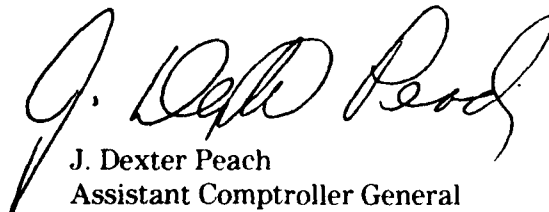
- require division offices to follow up on carriers that do not submit certification letters to FHWA within 30 days of receiving a safety rating and to take enforcement actions when necessary;
- issue additional guidance and procedures, as necessary, to help the divisions effectively follow up on certification letters and enforce federal safety regulations; and
- develop an action plan for improving the timeliness of compliance reviews, especially those for carriers rated unsatisfactory.

We performed our work from April 1989 through November 1990 in accordance with generally accepted government auditing standards. We discussed the report with FHWA officials, who generally agreed with the facts presented, and incorporated their clarifications as appropriate. However, as requested by your office, we did not obtain official comments from the agency on a draft of this report. More detailed information on our scope and methodology is contained in appendix IV.

Unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from the date of this letter. At that time, we will send copies of the report to the appropriate congressional committees, the Secretary of Transportation, the Administrator of FHWA, and other interested parties. We will also make copies available to others upon request.

This work was performed under the direction of Kenneth M. Mead, Director, Transportation Issues, who can be reached on (202) 275-1000. Other major contributors to this report are listed in appendix V.

Sincerely yours,



J. Dexter Peach
Assistant Comptroller General

Contents

Letter		1
--------	--	---

Appendix I		14
Safety Review	Administration	14
Program	Process and Procedures	15
	Safety Rating	17

Appendix II		18
Data on Status of		
Compliance Reviews		
and Time Interval		
Between Safety		
Reviews and		
Compliance Reviews		

Appendix III		19
Motor Carriers' Safety		
Problems During		
Period Between Safety		
Review and		
Compliance Review		

Appendix IV		22
Objectives, Scope, and		
Methodology		

Appendix V		24
Major Contributors to		
This Report		

Related GAO Products	25
-----------------------------	----

Tables	
Table II.1: Status of Follow-Up Compliance Reviews After Safety Reviews Conducted in Fiscal Years 1987, 1988, and 1989	18
Table II.2: Time Interval Between Compliance Reviews and Safety Reviews Conducted in Fiscal Years 1987 and 1988	18

Abbreviations

FHWA	Federal Highway Administration
GAO	General Accounting Office
ETA	Educational and Technical Assistance Program
FMCSR	Federal Motor Carrier Safety Regulations
HMR	Hazardous Materials Regulations
DOD	Department of Defense
OMC	Office of Motor Carriers
MCMIS	Motor Carrier Management Information System

Safety Review Program

The Federal Highway Administration (FHWA) established the safety review program in response to the Motor Carrier Safety Act of 1984 and recommendations made by the Secretary of Transportation's Safety Review Task Force. The Motor Carrier Safety Act of 1984 required that the Secretary of Transportation establish a procedure to determine the safety fitness of owners and operators of commercial motor vehicles, including persons seeking new or additional operating authority as motor carriers. The Safety Review Task Force, established in 1985 in response to significant changes within the transportation environment, recommended organizational and programmatic changes in FHWA's motor carrier safety program, including "new enforcement programs designed to evaluate the safety fitness of all interstate motor carriers"

In June 1986, FHWA proposed a safety fitness regulation, entitled Safety Fitness Determination, which established a procedure to determine the safety fitness of all interstate motor carriers through the assignment of safety ratings. Safety ratings were to be based on information gathered during a safety review, an on-site assessment of a motor carrier's safety management controls.¹ FHWA also established a safety fitness standard, which a motor carrier would have to meet to obtain a satisfactory safety rating. In October 1986, FHWA's Office of Motor Carriers (OMC) established the safety review program, a part of FHWA's Educational and Technical Assistance Program (ETA), to (1) educate motor carriers about the Federal Motor Carrier Safety Regulations (FMCSR) and the applicable parts of the Hazardous Materials Regulations (HMR)² and (2) assign safety fitness ratings of satisfactory, conditional, or unsatisfactory to all interstate motor carriers. In 1988, FHWA set a goal of rating all interstate carriers by September 30, 1992.

Administration

The safety review program is administered by OMC, which comprises staff at headquarters in Washington, D.C., and at division offices in each state, the District of Columbia, and Puerto Rico under nine FHWA regional offices. OMC's Office of Motor Carrier Safety Field Operations is responsible for overall administration of the safety review program. Staff in this office's Federal Programs Division are responsible for ensuring that

¹FHWA's practice of assigning safety fitness ratings to motor carriers actually began in 1980. Ratings were based on information obtained from (1) safety management audits, comprehensive reviews of the carrier's safety management controls and practices; (2) investigations; and (3) other factors reflecting the carrier's compliance with federal safety regulations.

²FHWA issues and enforces the FMCSR and HMR. These regulations govern the operations of commercial motor carriers and truck drivers operating in interstate and foreign commerce.

motor carriers comply with federal safety laws, regulations, and procedures; promulgating procedures and rules for the safety review program; providing technical support and assistance to the field staff regarding motor carriers' safety fitness and enforcement; and determining safety fitness ratings based on the results of safety reviews.

Within each regional office, OMC has an Office of Motor Carrier Safety. Each of these offices is responsible for providing technical guidance and direction to safety investigators in the field and for ensuring that OMC policies and procedures are implemented.

Officers-in-Charge or State Directors at the division offices manage FHWA activities in the states. All FHWA safety investigators, who are responsible for conducting the safety reviews, are located in FHWA's division offices.

Process and Procedures

The safety review program is the main focus of ETA, whose primary purpose is to provide all interstate motor carriers and all shippers of hazardous materials educational and technical assistance so that their regulatory compliance is improved and the number of accidents or incidents involving hazardous materials is reduced. A safety review, conducted by FHWA safety investigators or state inspectors at the carrier's principal place of business, is used to determine whether the carrier's safety management controls meet FHWA's safety fitness standard and comply with the FMCSR and the applicable HMR.

FHWA headquarters staff select motor carriers for safety reviews from five technical assistance groupings based on the relative risks presented by the commodities transported. These groupings are as follows:

- Group 1—Carriers transporting hazardous materials in packages or in bulk, passengers, household goods, new furniture, motor vehicles, mobile homes, or driveaway-towaway vehicles
- Group 2—Carriers transporting produce or fruit; livestock; beverages; meat products; or grain, feed, and hay
- Group 3—Carriers transporting machinery and other large objects, metal, building materials, oil field equipment, or coal
- Group 4—Carriers transporting general freight; nonrefrigerated goods; paper products; logs, poles, and beams; or U.S. mail
- Group 5—Carriers transporting all other commodities

Before the beginning of each fiscal year, FHWA headquarters sends to each regional office a list of motor carriers, with instructions to conduct safety reviews by the groupings in a sequential manner, to identify what types of carriers within each grouping present the greatest risk to highway safety within that region, and to decide upon the regional focus. The regional offices distribute the guidelines for targeting motor carriers for safety reviews to their respective division offices, one of which is located in every state, the District of Columbia, and Puerto Rico. Each division office further refines these guidelines to reflect the characteristics of the carriers located within its jurisdiction.

During the safety review, the FHWA safety investigator or state inspector administers a questionnaire, called an SR-I, consisting of 75 questions (55 questions regarding safety, 20 questions regarding hazardous materials), to the carrier's representatives. These questions, which generally require a yes or no response from the carrier, are designed to obtain an overview of the carrier's safety management control procedures and general awareness of and compliance with the following FMCSR and HMR (title 49 of the Code of Federal Regulations):

- part 387, Minimum Levels of Financial Responsibility for Motor Carriers;
- part 390, General (Federal Motor Carrier Safety Regulations);
- part 391, Qualifications of Drivers;
- part 392, Driving of Motor Vehicles;
- part 394, Notification and Reporting of Accidents;
- part 395, Hours of Service of Drivers;
- part 396, Inspection, Repair, and Maintenance;
- part 397, Transportation of Hazardous Materials; Driving and Parking Rules; and
- part 177, Carriage by Public Highway (Hazardous Materials).

Approximately 30 of the questions require the investigator to review some of the carrier's records, including (1) past accident records (365 days before the date of the review), (2) three driver qualification files, (3) maintenance records, and (4) time records. The investigator reviews these records to determine that they exist, have been maintained, are current, and meet the FMCSR and the applicable HMR.

At the completion of the safety review, the investigator provides a written report; holds an exit interview with the carrier's management to discuss the results of the review, provide educational and technical assistance, and recommend steps to improve compliance; and obtains the

signature of the carrier official to signify receipt of the report. Safety reviews do not ordinarily result in an enforcement action, but they may if circumstances warrant.

Safety Rating

Questionnaires completed during the safety review are distributed first to the appropriate State Director or Officer-in-Charge at the division office and then to the regional Office of Motor Carrier Safety, which forwards the results to FHWA headquarters. There, the information from the questionnaire is entered into a computer program that determines the safety rating through a confidential matrix formula. FHWA then notifies both the carrier and the respective division office of the rating derived from this computer algorithm.

FHWA assigns a satisfactory, conditional, or unsatisfactory rating to motor carriers.

- A satisfactory safety rating means that the motor carrier has in place and functioning adequate safety management controls to meet the safety fitness standard. Safety management controls are adequate if they are appropriate for the size and type of operation of the particular motor carrier.
- A conditional safety rating means that the motor carrier's controls are inadequate and could result in violations of the FMCSR.
- An unsatisfactory safety rating means that the motor carrier's safety management controls are inadequate and have resulted in violations of the FMCSR.

When a carrier disputes the findings of a safety review underlying its rating, a formal petition for review of the rating can be submitted to FHWA. If no dispute exists, a carrier can still request a change in its safety rating if it can demonstrate that corrective action has been taken and that operations currently meet the safety fitness standard. Upon receiving this request for a change, FHWA will contact the carrier to schedule a follow-up compliance review.

Data on Status of Compliance Reviews and Time Interval Between Safety Reviews and Compliance Reviews

Table II.1: Status of Follow-Up Compliance Reviews After Safety Reviews Conducted in Fiscal Years 1987, 1988, and 1989 (as of May 15, 1990)

Fiscal year of safety review	Number of carriers rated	Rated carriers that received compliance reviews		Rated carriers that still need compliance reviews	
		Number	Percent	Number ^a	Percent
Carriers rated unsatisfactory after safety reviews					
1987	1,560	1,113	71.3	254	16.3
1988	2,662	1,834	68.9	605	22.7
1989	1,591	615	38.7	900	56.6
Total	5,813	3,562	61.3	1,759	30.3
Carriers rated conditional after safety reviews					
1987	9,091	1,365	15.0	7,243	79.7
1988	15,323	1,494	9.8	13,287	86.7
1989	9,450	469	5.0	8,776	92.9
Total	33,864	3,328	9.8	29,306	86.5
Grand total	39,677	6,890	17.4	31,065	78.3

^aThese numbers exclude carriers that have gone out of business or have merged with other carriers since their safety reviews. Because these inactive carriers were excluded, the percentages for carriers that received compliance reviews and those that still need compliance reviews do not add to 100.

Table II.2: Time Interval Between Compliance Reviews and Safety Reviews Conducted in Fiscal Years 1987 and 1988 (as of May 15, 1990)

Fiscal year of safety review ^a	Carriers that received compliance reviews, by intervals of time elapsed				Carriers that still need compliance reviews		Carriers that no longer need compliance reviews ^b		Total	
	0-12 months after safety review		More than 12 months after safety review							
	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Carriers rated unsatisfactory after safety reviews										
1987	227	14.6	886	56.8	254	16.3	193	12.4	1,560	100
1988	751	28.2	1,083	40.7	605	22.7	223	8.4	2,662	100
Total	978	23.2	1,969	46.6	859	20.3	416	9.9	4,222	100
Carriers rated conditional after safety reviews										
1987	152	1.7	1,213	13.3	7,243	79.7	483	5.3	9,091	100
1988	264	1.7	1,230	8.0	13,287	86.7	542	3.5	15,323	100
Total	416	1.7	2,443	10.0	20,530	84.1	1,025	4.2	24,414	100

^aBecause of the lengthy time intervals between safety reviews and follow-up compliance reviews, we did not include data for carriers that underwent safety reviews in fiscal year 1989. We only analyzed the compliance reviews for carriers that received safety reviews during the first 6 months of that year. We found that about 29 percent of the carriers rated unsatisfactory and about 4 percent of the carriers rated conditional had received compliance reviews within 12 months of their safety reviews.

^bCarriers no longer need compliance reviews because they have become inactive, that is, have gone out of business or merged with other carriers since their safety reviews. Carriers that became inactive after their compliance reviews are included in the numbers that received compliance reviews.

Motor Carriers' Safety Problems During Period Between Safety Review and Compliance Review

A lengthy interval between safety reviews and follow-up compliance reviews provides little incentive for carriers rated less than satisfactory to promptly improve their safety management controls. In a sample drawn from 3,224 carriers rated less than satisfactory after safety reviews conducted in fiscal years 1987 and 1988,¹ we estimate that 29 percent had vehicles that were cited for safety violations during state roadside inspections performed before the carriers underwent compliance reviews.² As a result, these vehicles were placed out of service. Furthermore, 10 percent of these carriers had vehicles that were involved in accidents during this period. More timely compliance reviews could go a long way toward ensuring that carriers correct safety management control deficiencies. Examples of the safety problems we found follow.

Carrier A

This motor carrier was rated unsatisfactory after a safety review conducted on August 19, 1987. (At the time of our review in November 1989, no compliance review had been performed.) Subsequently, one or more trucks were placed out of service 39 times. The carrier was cited for defective brakes 23 times and for driver log violations, such as understating the driver's hours on the road, 6 times—an indication that the carrier may have been violating safety standards for drivers, as well as for vehicles. Five accidents the carrier was involved in—caused by the loss of control or excessive speed, according to the investigating officers—demonstrate the impact of these violations.

Carrier B

This carrier was rated unsatisfactory after a safety review performed on April 20, 1988. Before the compliance review was performed on December 8, 1988, the carrier's trucks were placed out of service six times for violations such as defective brakes or excessive hours of service. FHWA initiated an enforcement case because of hours-of-service violations found during the compliance review. The carrier had required or permitted drivers (1) to drive more than 10 consecutive hours, (2) to drive after having been on duty more than 8 consecutive days, and (3) to make false entries in a record of duty status. The carrier had to pay a \$10,000 fine.

¹The sample was taken from five FHWA division offices.

²We made no attempt to determine whether carriers rated satisfactory had similar safety problems.

Appendix III
Motor Carriers' Safety Problems During
Period Between Safety Review and
Compliance Review

Carrier C

FHWA rated this carrier conditional after a safety review conducted on April 7, 1988, but had not yet conducted a compliance review at the time of our file review in November 1989. Following the safety review, the carrier's trucks were placed out of service 32 times for violations such as defective brakes, worn tires, and inoperative turn signals. During a February 9, 1989, roadside inspection, one truck was cited for six out-of-service violations.

Carrier D

This carrier underwent a safety review on November 18, 1987, and received a conditional rating. In the 22 months before the compliance review was conducted, one or more trucks were placed out of service 12 times. During a March 13, 1989, roadside inspection, one truck was cited for seven out-of-service violations, including several violations of equipment standards. These violations could indicate that the carrier was not maintaining its vehicles. Drivers were placed out of service three times because of log book violations. These violations are particularly noteworthy because an accident occurred on June 7, 1989, when a driver fell asleep at the wheel.

Carrier E

FHWA rated this carrier conditional after a safety review conducted on June 17, 1988, but had not yet conducted a compliance review at the time of our file review in November 1989. Meanwhile, the carrier's trucks were placed out of service 18 times as a result of roadside inspections. The carrier was cited for defective brakes nine times, for worn tires four times, and for inoperative turn signals three times.

Carrier F

This carrier was rated conditional after a safety review conducted on November 9, 1987, but had not yet received a compliance review at the time of our file review in October 1989. Meanwhile, state police cited the carrier's trucks for defective brakes eight times and placed the trucks out of service in each instance. In addition, state police placed a driver out of service because he had a suspended driver's license in one state and a revoked license in another.

Carrier G

This carrier, rated conditional after a safety review on August 27, 1987, underwent a compliance review on September 12, 1989. In the intervening 24 months, the carrier was involved in seven accidents, including (1) an accident in which a truck's load was not secure and shifted,

**Appendix III
Motor Carriers' Safety Problems During
Period Between Safety Review and
Compliance Review**

causing the truck to overturn; (2) an accident in which a truck hydroplaned into a median; (3) an accident in which one of the carrier's drivers hit another vehicle broadside; and (4) an accident in which one of the carrier's drivers hit an illegally parked car. In addition, the carrier was cited for defective brakes and log violations, and, consequently, one or more of its trucks were placed out of service.

Objectives, Scope, and Methodology

The Chairman, Subcommittee on Surface Transportation, House Committee on Public Works and Transportation, requested that we review the Federal Highway Administration's implementation of the Motor Carrier Safety Act of 1984 to promote the safe operation of commercial motor vehicles. As agreed with your office, this report discusses the progress FHWA has made in (1) rating motor carriers' safety fitness and (2) ensuring that motor carriers with less than satisfactory safety fitness ratings correct their deficiencies.

Our review was conducted primarily at FHWA's (1) Office of Motor Carriers in Washington, D.C.; (2) Region 7 office in Kansas City, Mo., and the division offices in Ames, Ia., Topeka, Kans., Jefferson City, Mo., and Lincoln, Nebr.; and (3) Region 6 office in Fort Worth, Tex., including the division office in Oklahoma City, Okla. FHWA's Kansas City Region was selected—along with its four division offices in Iowa, Kansas, Missouri, and Nebraska—because FHWA headquarters officials stated that this region was typical of FHWA regions that have ongoing safety review programs. The Fort Worth Region was selected for review, along with its Oklahoma division office, because of its proximity to our regional staff located in Oklahoma City.

To determine the progress FHWA has made in rating motor carriers' fitness, we (1) interviewed FHWA officials and obtained documentation at headquarters and at the five division offices about the safety review program; (2) obtained data from the safety review file of FHWA's Motor Carrier Management Information System (MCMIS) on the number of safety reviews performed as of May 15, 1990; and (3) obtained workload and staff utilization data demonstrating the amount of resources devoted to FHWA's motor carrier safety programs.

To determine FHWA's progress in ensuring that motor carriers rated less than satisfactory correct their deficiencies, we (1) interviewed FHWA officials and obtained documentation at both headquarters and the five division offices concerning the follow-up activities of FHWA personnel; (2) obtained data from FHWA's motor carrier census file and from MCMIS's safety review file and compliance review file; and (3) reviewed a sample of motor carrier files at the five division offices. We selected a stratified random sample of 681 carriers from 3,224 carriers rated less than satisfactory after safety reviews conducted in fiscal years 1987 and 1988. The five strata for the sample were defined by the five division offices. The percentages cited regarding the certification letters submitted, out-of-service violations, and accidents are subject to sampling errors of less than 3.5 percent at the 95-percent confidence level. Also, we contacted

officials with the Department of Defense, the General Services Administration, and the U.S. Postal Service to determine whether these agencies consider safety ratings when they contract with carriers for transportation services.

We conducted our review between April 1989 and November 1990 in accordance with generally accepted government auditing standards. We discussed the report with FHWA officials and incorporated their clarifications as appropriate. However, as requested, we did not obtain official comments from the agency on a draft of this report.

Major Contributors to This Report

Resources,
Community, and
Economic
Development Division,
Washington, D.C.

Ron E. Wood, Assistant Director
Susan A. Sacco, Evaluator-in-Charge
Juanita Y. Douglas, Evaluator
Fran A. Featherston, Social Science Analyst
Sharon E. Butler, Reports Analyst

Kansas City Regional
Office

Denise M. Wempe, Regional Assignment Manager
Steven D. Boyles, Evaluator

Related GAO Products

Truck Safety: Implementation of the Single Driver's License and Notification Requirements (GAO/RCED-89-30, Feb. 13, 1989).

Truck Safety: Information on Driver Training (GAO/RCED-89-163, Aug. 3, 1989).

Truck Safety: States' Progress in Testing and Licensing Commercial Drivers (GAO/RCED-90-78, Mar. 12, 1990).

Truck Safety: Need to Better Ensure Correction of Serious Inspection Violations (GAO/RCED-90-202, Sept. 28, 1990).