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## REPORT ON QUALITY CHANGES FOR 2001 MODEL VEHICLES

### Passenger Cars

The value of quality changes for a sample of eighteen 2001 model year domestic passenger cars included in the Producer Price Index (PPI) for October averaged \$184.83, according to estimates by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. This change represents 40.7 percent of the average \$454.24 increase in producers' prices for this year's models as compared with last year's models.

The retail equivalent value of these quality changes averaged \$212.67, representing 50.3 percent of the average \$422.51 over-the-year increase in manufacturer's suggested list prices.

The \$212.67 estimated retail value of quality change breaks down as follows:

\*\$67.65 for changes in accordance with 1990 Clean Air Act Amendments;

\*\$1.92 for safety changes for internal trunk releases in accordance with Federal Motor Vehicle Safety Standard 401;

\*\$23.24 for other federally mandated safety improvements such as child seat tethers and head impact protection in accordance with Federal Motor Vehicle Safety Standards 210 and 201;

\*\$119.86 for non-mandated quality changes such as powertrain improvements, theft protection, safety improvements, and changes in levels of standard or optional equipment.

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## Light Trucks

The value of quality changes for a sample of twenty 2001 model year domestic light trucks included in the PPI for October averaged \$251.64. This change represents 62.8 percent of the average \$400.40 increase in producers' prices for this year's models as compared with last year's models.

The retail equivalent value of quality changes for domestic light trucks averaged \$298.62, representing 66.3 percent of the average \$450.30 over-the-year increase in manufacturer's suggested list prices.

The \$298.62 estimated retail value of quality change breaks down as follows:

\*\$90.78 for changes in accordance with 1990 Clean Air Act Amendments;

\*\$9.42 for other federally mandated safety improvements such as child seat tethers and head impact protection in accordance with Federal Motor Vehicle Safety Standards 210 and 201;

\*\$198.42 for non-mandated quality changes such as powertrain improvements, theft protection, safety improvements, and changes in levels of standard or optional equipment.

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Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 2000 and 2001 domestic models priced for the Producer Price Index. Most of the estimates of quality changes in this release are derived from information supplied for the Producer Price Index for October. These data also form the basis of the new vehicle quality adjustment for the Consumer Price Index (CPI). However, it should be noted that, effective with the release of data for January 1999, changes made solely for the purpose of meeting air pollution standards are no longer considered quality improvements for CPI calculation purposes.