

News

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Department
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REPORT ON QUALITY CHANGES FOR 2000 MODEL VEHICLES

Passenger Cars

The value of quality changes for a sample of 14 2000 model year domestic passenger cars included in the Producer Price Index (PPI) for October averaged \$153.92, according to estimates by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor. This change represents 42.3 percent of the average \$363.60 yearly increase in producers' prices.

The retail equivalent of these quality changes averaged \$169.05, representing 41.4 percent of the average \$408.42 yearly increase in manufacturers' suggested list prices.

The \$169.05 estimated retail level of quality change breaks down as follows:

*\$5.39 for safety changes for child seat tether anchors in accordance with Federal Motor Vehicle Safety Standards (FMVSS) 210;

*\$9.87 for changes in accordance with 1990 Clean Air Act Amendments and head impact protection (FMVSS) 201;

*\$153.79 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 19 2000 model year domestic light trucks included in the PPI for October averaged \$35.82. This change represents 10.2 percent of the average \$350.36 yearly increase in producers' prices.

The retail equivalent of quality changes for domestic light trucks averaged \$40.56, representing 9.7 percent of the average \$416.31 yearly increase in manufacturers' suggested list prices.

The \$40.56 estimated retail level of quality change breaks down as follows:

*\$33.31 for changes in accordance with 1990 Clean Air Act Amendments;

*\$3.38 for safety changes for child seat tether anchors and head impact protection in accordance with Federal Motor Vehicle Safety Standards (FMVSS) 210 and 201;

*\$3.87 for other quality changes such as powertrain improvements, theft protection, safety improvements, and changes in levels of standard or optional equipment.

Estimates of the value of quality change are based on a review by the BLS of data supplied by producers for similarly equipped 1999 and 2000 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). It should be noted, however, that, effective in January 1999, changes made solely for the purpose of meeting air pollution standards are no longer considered quality improvements for CPI calculation purposes.