

Sept. 4, 2009

NADA Update on ‘Cash-for-Clunkers’

WASHINGTON -- Officials from U.S. DOT/NHTSA on Thursday (Sept. 3) briefed congressional staff. Here’s what was reported on the current status of the Car Allowance Rebate System (CARS):

- For the first time, DOT has set its own target of Sept. 30 to pay all claims. (It is unclear, however, if this means that dealers will no longer be able to resubmit valid deals after this date. It is nevertheless prudent that dealers correct any mistakes and resubmit any rejected applications as soon as possible.)
- NHTSA estimates that 120,000 of the 690,114 deals submitted have been approved with an estimated \$500 million paid out.
- By Sept. 11, NHTSA expects to be paying \$100 million in claims a day.
- NHTSA says it is taking the following steps to improve the process:
 - 1) Increasing workers reviewing submissions from 3,000 to 5,000;
 - 2) Increasing computer capacity with a 75% increase in performance and an 80% increase in capacity; and
 - 3) Holding more Webinars for dealers.

Perhaps the most welcome change is DOT’s apparent shift in emphasis on finding ways to approve transactions, instead of finding ways to reject transactions. DOT is counseling examiners not to lightly press the “reject” button, and is retraining examiners who improperly reject valid applications. NADA has long contended that a major reason why dealers were not getting paid was because of examiner error.

NADA is conducting weekly surveys of dealers on “clunkers” reimbursements. It is vital for dealers to participate, as our surveys act as an independent check to ensure that the government remains on track to meet its own goals. This week’s survey is a snapshot of the status of all “clunkers” applications on Sept. 3. The results of the survey are as follows:

Category	Aug. 27 Survey	Sept. 3 Survey
TOTAL # of Submissions Surveyed	69,999	95,185
PAID % of Total Claims	5.7%	9.1%
READY FOR PAYMENT % of Total Claims	2.3%	4.2%
REJECTED % of Total Claims	6.3%	8.4%
UNDER REVIEW % of Total Claims	83.7%	76.7%
NO STATUS % of Total Claims	2.0%	1.6%
# of Respondents	1,202	1,589

The survey reveals two encouraging trends – payments are up and what is under review is down. While the progress shown in this survey is meager, the pace of review is increasing.

Every dealer is aware that the CARS program is far from perfect, but a workforce of 5,000 combined with a new emphasis on paying dealers is cause for guarded optimism. NADA remains committed to getting all dealers paid in the most expeditious manner possible. See www.nada.org/cashforclunkers for more information.