

**Department of Transportation
National Highway Traffic Safety Administration**

SUPPORTING STATEMENT

**CONSUMER ASSISTANCE TO RECYCLE AND SAVE PROGRAM
CARS DEALER SURVEY**

OMB CONTROL NUMBER: 2127-XXXX

A. JUSTIFICATION

1. Circumstances that make collection of information necessary. *Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.*

On June 24, 2009, the President signed into law the Consumer Assistance to Recycle and Save (CARS) Act of 2009 establishing within the National Highway Traffic Safety Administration (NHTSA) a program to be known as the Consumer Assistance to Recycle and Save (CARS) Program. The CARS Act authorizes NHTSA to issue an electronic voucher, subject to statutorily specified criteria, to offset the purchase price or lease price of a qualifying new fuel efficient vehicle upon the surrender of an eligible trade-in vehicle to a registered vehicle dealer. The surrendered trade-in is precluded from further use as a vehicle in the United States or in any other country.

Pursuant to the Program requirements, NHTSA will electronically transfer Treasury funds into the accounts of registered dealers on behalf of eligible consumers. As such, NHTSA must collect sufficient information from all parties involved to ensure the Program objectives are realized while minimizing the fraud risk.

By statute the CARS Program ends on November 1, 2009, or when the \$1 billion allotted to the Program runs out.

The Act requires the Secretary of Transportation (through NHTSA) to promulgate final regulations to implement the Program not later than 30 days after the enactment date. The final rule was published in the Federal Register on July 29, 2009 (74 FR 37878).

The CARS Program has proven to be extremely popular. NHTSA believes that the \$1 billion allotted to the CARS Program may have been exhausted by the end of July. NHTSA is waiting for further funding from Congress to continue the CARS Program.

The request to collect information sent forth today is a survey to poll dealers to determine the extent to which the dealers have not yet put into NHTSA's payment system (known as the CARS Invoice Entry web site, OMB Clearance No. 2127-0657), CARS Program

transactions. This information is needed to determine the amount of money outstanding that NHTSA would need to fund from the CARS Program.

In order to monitor the level of available funding in the CARS Program, it is NHTSA's intent to conduct the survey once a week until November 1, 2009. This will be a total of 13 times.

2. How, by whom, and for what purpose is the information used. *Indicate how, by whom, and for what purpose the information is to be used.*

The information collected will be used by NHTSA and the Department, its agents, and other government enforcement personnel to accomplish the statutory requirements of the CARS Act of 2009 and regulations implemented pursuant to the Act.

This information is needed to determine the extent to which funding must be available for dealers that have already made new vehicle sales based on the CARS Program. Participation in this survey is voluntary.

3. Extent of automated information collection. *Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.*

NHTSA and the Department have sought and will continue to seek automated means to reduce the collection burden, reduce errors, and increase efficiency.

Because of the short time deadlines involved, NHTSA will enter into a contract with a telephone polling contractor, Westat, Inc., under contract number DTNH22-07-D-00057 which will poll the dealers. Since the poll will be conducted by telephone, the respondents will only have to respond orally. There will be no paper burdens on the respondents.

4. Efforts to identify duplication. *Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in 2 above.*

There will be no duplication of information. This information is known only to individual dealers that have entered into CARS Program transactions. This information changes weekly. It is therefore necessary for NHTSA to conduct statistical samples of these dealers to determine the extent to which they finalized sales under the CARS Program but have not yet submitted the information into NHTSA's CARS Invoice Entry web site for payment.

5. Efforts to minimize the burden on small businesses. *If the collection of information has a significant impact on a substantial number of small businesses or other small entities (item 5 of OMB Form 83-1), describe the methods used to minimize burden.*

Many of the new vehicle dealers that will be asked to participate in the survey would be considered small businesses. NHTSA is taking pains to ensure only the minimum amount of information necessary to determine the number of CARS Program transactions that the dealers have not yet submitted into NHTSA's CARS Invoice Entry web site, will be collected from small businesses. The use of electronic forms of information technology (i.e., a telephone survey) plays a key role in minimizing the collection of information burden on small dealers. Participation in this poll is voluntary. A small business may refuse to provide the information with no consequences.

6. Impact of less frequent collection of information. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

At present, it is NHTSA's intent to collect this information 13 times. Without this information, NHTSA will be unable to determine the extent to which dealers have entered into CARS Program transactions, but have not yet submitted the information into NHTSA's CARS Invoice Entry web site. If NHTSA is unable to determine weekly the extent to which dealers have not yet submitted the information, a situation where there may be not enough funds to compensate dealers may arise.

7. Special circumstances. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2)(i)-(viii):

There are no special circumstances that require the collection of information to be conducted in a manner inconsistent with 5 CFR 1320.5(d)(2)(i) - (viii).

8. Compliance with 5 CFR 1320.8. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and the recordkeeping disclosure, or reporting format (if any) and on the data elements to be recorded, disclosed, or reported.

Industry stakeholders have already advised NHTSA and the Department in general of the fact that funding for the CARS Program may be running out. We have consulted with industry stakeholders and other government officials to obtain their views concerning the availability of data from industry sources and to identify data elements and formats.

9. Payments or gifts to respondents. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There will be no payment or gift to respondents for their participation in this survey.

10. Assurance of confidentiality: Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

NHTSA and the Department are bound by its statutory responsibilities (such as those under the Privacy Act) to protect confidential and other sensitive data. Confidential

information (such as sales figures) for dealers will be protected through secured software in accordance with OMB Guidelines.

11. Justification for collection of sensitive information. *Provide additional justification for any questions of a sensitive nature such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.*

No information of a sensitive nature or on “matters that are commonly considered private” will be collected in this survey.

12. Estimate of burden hours for information requested. *Provide estimates of the hour burden for the collection of information. The statements should: Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form. Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.*

The potential respondent universe includes all dealers/franchisees that have registered for participation in the CARS program on August 2, 2009. This estimated number is 16,000. This number is less than the 19,000 estimated in OMB Clearance No. 2127-0657 because some dealers may have more than one franchise (i.e., a dealer may have both a Ford and a Toyota franchise). Since the proposed method of statistical sampling is a 10 percent simple random sample, there will be a sample size of 1600 respondents.

It is important to note that all the information described below will be collected to determine the extent to which dealers have entered into transactions with customers under the CARS Program but have not yet submitted the information into NHTSA’s CARS Invoice Entry web site for payment.

Number of Respondents:

Information from Dealers - NHTSA estimates that a total of 1600 dealers will participate in each survey.

Estimated Burden on Respondents:

Dealers - NHTSA estimates it will take 30 seconds for each dealership to read the blast e-mail message that NHTSA will send to the dealership in advance, to advise them that they will be contacted by telephone to participate in the telephone survey. NHTSA estimates that it will take each dealership 7 minutes to gather the information, in anticipation of the survey. We estimate that it will take 7.5 minutes to actually participate in the survey, once the call comes in. Therefore, for the dealer that is the subject of a survey, there would be a total of 15 minutes burden per survey.

Since each respondent dealer will respond 13 times, this will be a total of 15 minutes times 13 times, or 3.25 hours per dealer.

Estimated Total Burden:

Dealers - The estimated total annual burden is 1600 dealers at 15 minutes per dealer for a total of 24,000 minutes or 400 hours (24,000 divided by 60) associated with this collection of information. Assuming the survey will be conducted 13 times, the total is 5,200 burden hours.

13. Estimate of total annual costs to respondents. *Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.*

No new dealer computer hardware and software will be necessary to fulfill this collection of information. NHTSA assumes that each dealership to be contacted already owns the telephone and computer equipment (and has a telephone number and e-mail address) that will be used to contact each dealer. There are no recordkeeping requirements for the dealer associated with this collection of information.

Dealers' Costs - NHTSA assumes that persons with an overall knowledge of each dealership's sales will be responding to the telephone survey. NHTSA assumes median hourly earnings of first-line supervisors/managers of retail sales workers in automobile dealers of \$34.98 (May 2006 \$32.98 adjusted for inflation to \$34.98). This data is from the U.S. Bureau of Labor Statistics. 15 minutes of burden hours times \$34.98 per hour equals \$8.75 in costs for each dealership.

Since the survey is planned to be conducted 13 times, each dealer will incur a cost of \$113.75 (\$8.75 times 13).

There will be a minimal cost to the dealership for the use of computer equipment on which the blast e-mail message will be read, and the telephone that will be used to respond to the survey.

Total Costs – The total costs to dealers all dealers is \$113.75 per dealer times 1600 dealers or \$182,000.

14. Estimate of cost to the Federal government. *Provide estimates of annualized cost to the Federal Government.*

NHTSA Contractor Costs - NHTSA will contact the dealers and build a database of responses through a contractor. Given the sample size of 1,600 contacts, assuming each contact will require 7.5 minutes, 12,000 minutes of caller time (or 200 hours) is needed for each survey. Assuming the survey will be conducted 13 times (2,600 hours) and that

the \$34.98 cost per labor hour referenced in item 14 is the cost per hour for data collection, the cost of data collection is approximately \$101,348.

To build a call data base from the sampling list to be provided to the contractor and to construct a database to record responses would likely require an additional 200 hours. Because of the greater skills involved in this, a cost per hour of \$70.00 is used to produce an estimate of \$14,000. Thus, the total contractor cost would be about \$115,348 (\$101,348 plus \$14,000).

NHTSA Federal Employee Costs - NHTSA costs include the time for statisticians to design the survey and survey questions, to select the sample of dealers to be called, and to compose and send the e-mail pre-notification to the dealers. NHTSA estimates that these tasks will take about 100 hours to accomplish. Assuming a salary equivalent to a GS 14, Step 1 (\$49.35 per hour), given the level of staff working on the project, the cost will be about \$5,000.

To analyze the data returned by the contractor and to produce a report would require an additional 20 hours for each of the 13 surveys to be conducted (or 260 hours total) for a total reporting cost of \$12,831. Thus, the total NHTSA Federal Employee cost would be about \$17,766.

Consequently, the total NHTSA cost would be about \$133,114 (\$115,348 contractor and \$17,766 NHTSA Federal employee).

15. Explanation of program changes or adjustments. *Explain the reasons for any program changes or adjustments reported in Items 13 of 14 of the OMB Form 83-I.*

This collection of information is associated with a newly established Program.

16. Publication of results of data collection. *For collections of information whose results are planned to be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.*

It is anticipated that aggregate results of the survey will be made known to the public, including the media. This information will be provided at a macro level, with no specific information about individual dealerships.

Internal reports will be generated from the data developed in the survey to be used by NHTSA in administering the CARS Program. It is expected that these reports could be provided internally to the Office of the Secretary, to the White House and OMB, and to members of Congress.

The survey sample will be selected from the dealers registered with NHTSA's CARS dealer database as of August 2, 2009.

17. Approval for not displaying the expiration date of OMB approval. ***If seeking approval to not display the expiration date for OMB approval of the information collections, explain the reasons that display would be inappropriate.***

NHTSA does not seek approval to not display the expiration date for OMB approval for the collection of information.

18. Exceptions to certification statement. ***Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.***

There are no exceptions to the certification statement.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection methods to be used. Data on the number of entities (e.g. establishments, State and local government units, households, or persons) in the universe covered by the collection and in the corresponding sample are to be provided in tabular form for the universe as a whole and for each of the strata in the proposed sample. Indicate expected response rates for the collection as a whole. If the collection had been conducted previously, include the actual response rate achieved during the last collection.

This is a new collection. At present, it is anticipated that the survey will be conducted 13 times. The potential respondent universe includes all dealers/franchisees that have registered with NHTSA as dealers in the CARS program as of August 2, 2009 (pursuant to OMB Clearance No. 2127-0657). Thus, the NHTSA respondent universe is already established. The estimated number of dealers in the respondent universe is about 16,000. This number is less than the 19,000 estimated in OMB Clearance No. 2127-0657 because some dealers may have more than one franchise (i.e., a dealer may have both a Ford and a Toyota franchise).

A random sample of 1600, approximately 10 percent, will be selected from the respondent universe of dealers. The database will be randomized and a systematic sample will be selected. The interval will be the number of dealers in the database divided by 1600.

We anticipate that the response rate will be at least 90 percent because the sample frame is comprised of dealers already participating in the Program. Consequently, they have an incentive to respond.

2. Describe the procedures for the collection of information including: statistical methodology for stratification and sample selection, estimation procedure, degree of accuracy needed for the purpose described in the justification, unusual problems requiring specialized sampling procedures, and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

As described above, a random sample of 1600 dealers will be selected. The sample size was estimated using data provided by the National Automobile Dealers Association to estimate

the variance of the number of transactions that have not been submitted to NHTSA. Assuming a 90 percent response rate and adjusting for this expected non-response, NHTSA estimates that the sample will be sufficient to estimate the total amount of dollars yet to be requested from the CARS Program with a 95 percent confidence interval of +/- \$75,000,000.

The survey will be conducted via telephone by Westat, Inc., under contract number DTNH22-07-D-00057. Westat will take the sample list to be provided to them by NHTSA and use their CATI system to contact the 1600 dealers. The questions to be asked by Westat are included in Appendix A.

3. Describe methods to maximize response rates and to deal with issues of non-response. The accuracy and reliability of information collected must be shown to be adequate for intended uses. For collections based on sampling, a special justification must be provided for any collection that will not yield “reliable” data that can be generalized to the universe studied.

The survey has been limited to 4 basic questions. The survey is voluntary. As described above, non-response is not anticipated to be a problem because the sample frame is comprised of dealers already participating in the Program, who have an incentive to provide accurate information. However, the estimating procedure will adjust for any non-response in estimating the amount of dollars in transactions yet to be submitted to NHTSA. Additionally, we will send the dealers an e-mail prior to each telephone survey to alert them of the survey and to give them time to prepare their response.

4. Describe any tests of procedures or methods to be undertaken. Testing is encouraged as an effective means of refining collections of information to minimize burden and improve utility. Tests must be approved if they call for answers to identical questions from 10 or more respondents. A proposed test or set of tests may be submitted for approval separately or in combination with the main collection of information.

The extremely short deadline by which NHTSA needs this information does not allow time for formal testing of the survey instruments. The survey instrument has been reviewed by NHTSA staff and reflects comments and suggestions resulting from that review.

5. Provide the name and telephone number of individuals consulted on statistical aspects of the design and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

Mr. Rory Austin (202-366-2672) and Mr. John Kindelberger (202-366-4952), Mathematical Statisticians in NHTSA provided the statistical consultation and will conduct the analysis. The data collection will be done by a contractor that has yet to be determined.

ATTACHMENTS

1. Appendix A - “Draft Questions for Dealers Participating in the CARS Program”
2. P.L. 111-32, “Consumer Assistance to Recycle and Save Act”
3. Final Rule establishing the CARS Program, July 29, 2009 (74 FR 37878)

**Appendix A – “Draft Questions for Dealers Participating
in the CARS Program”**

NHTSA Form 1076

OMB Clearance No. 2127-XXX

Expiration Date:

QUESTIONS FOR DEALERS PARTICIPATING IN THE CARS PROGRAM

- How many \$3500 "Cash for Clunkers" transactions has your dealership entered into the CARS Invoice Entry web site? Please include all invoices entered including submitted and not submitted.
Count: _____
- How many \$4500 "Cash for Clunkers" transactions has your dealership entered into the CARS Invoice Entry web site? Please include all invoices entered including submitted and not submitted.
Count: _____
- How many \$3500 "Cash for Clunkers" transactions has your dealership already finalized with the customer but NOT YET BEGUN entering into the CARS Invoice Entry web site?
Count: _____
- How many \$4500 "Cash for Clunkers" transactions has your dealership already finalized but has NOT YET BEGUN entering into the CARS Invoice Entry web site?
Count: _____

Paperwork Reduction Act Burden Statement

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a current valid OMB Control Number. The OMB Control Number for this information collection is 2127-XXXX. Public reporting for this collection of information is estimated to be approximately 15 minutes per response, including the time for reviewing instructions, completing and reviewing the collection of information. All responses to this collection of information are voluntary. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Information Collection Clearance Officer, National Highway Traffic Safety Administration, 1200 New Jersey Ave, S.E., Washington, DC, 20590.

Privacy Act Statement

This notice is provided pursuant to the Privacy Act of 1974, 5 USC § 552a: This information is solicited under the authority of Public Law 111-32, 123 Stat. 1859. Furnishing the information is voluntary, but failure to provide all or part of the information may result in disapproval of a request for a credit on this purchase or lease transaction under the Cars Program. The principal purposes for collecting the information are to ensure proper disposal of trade-in vehicles, to prevent, identify and penalize fraud in connection with the Program, and to update an existing government database of Vehicle Identification Numbers. Other routine uses are published in the Federal Register at 65 F.R. 19476 (April 11, 2000), available at: www.dot.gov/privacy.