

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

SUPPORTING STATEMENT

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

OMB CONTROL NUMBER: 2127-0602

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.

On August 3, 2009, we received OMB Clearance No. 2127-0602 for this collection of information. It expires on February 28, 2010.

The request to collect information sent forth today is to ask for approval to change four questions posed in 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. The changes have been made to clarify for the dealers, the information about the state of their inputs into the CARS Invoice Entry web site.

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.*

Since OMB approval of this collection of information on August 3, the four questions in the survey instrument have been slightly changed. The term "Cash for Clunkers" has been changed to reflect the legally correct term, "Consumer Assistance to Recycle and Save Program." Other changes have been made for clarification purposes, to ensure that the dealers know exactly which transactions (including those submitted and saved into NHTSA's CARS Invoice Entry web site) they must report.

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.