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'Cars' cash hits snag

Filing problems, uncertainty mars trade-in program

By Rob Varnon
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Jim Curran, vice president of Curran Volkswagen, stood in his Stratford showroom surrounded by shiny new cars worrying about nearly a half-dozen clunkers parked across the street.

"It's a nightmare," Curran said, of his experience so far with the federal Car Allowance Rebate System, that most people refer to as "Cash for Clunkers."

This was his reaction before the U.S. House passed legislation later in the day that potentially could infuse the program with an additional \$2 billion. The Senate is expected to take up the issue next week. The program appears to have run through the first \$1 billion in funding in about a week, but it's difficult to say if the first round of funding is actually

gone because the computer system for the program has been overwhelmed with applications almost all week.

The program, run by the U.S. National Highway Traffic Safety Agency, provides payments of \$3,500 or \$4,500 toward the purchase of a new car when a person trades in an older vehicle that gets less than 18 miles to the gallon in combined highway and city mileage. The payment is sent directly to dealers, who take the money off the price of the car, but must submit documents proving the new car is efficient and the old car meets a rigid set of criteria.

For Curran, it's been a frustrating experience because "Cash for Clunkers" has driven people to shop for cars at a time when national sales for the industry are down 30 percent. But the end result is that dealers might actually lose money if the government doesn't come through with the payments.

Other dealers participating in the area reported strong interest in the program from buyers as well, but also had difficulty sending in applications. Stevens Ford of Milford and Meriden said it had 19 deals pending and Maritime Motors of Fairfield had more than a dozen interested in the program.

Curran said he has 10 people expecting to pick up their new cars and trade in their clunkers on Saturday.

"Who do you think they're going to be mad at?" he asked, when he'd have to tell them the program was suspended. He's already taken five other vehicles in trade and let the new vehicles go.

"I heard it was canceled," said Taylor Vavra, of Shelton, who was browsing the VW showroom with a friend on Friday. She and her mother already turned in clunkers and got deals at another dealership in the state.

That's one of the problems, Curran said. It's difficult to know what's going on. He said that this morning there were already news stories about the program being out of cash, others that it was suspended while NHTSA caught up with processing applications and e-mails from VW that it was going to continue.

Curran said it took three days just to register the dealership with NHTSA.

Even in her press release heralding the potential of additional funds, U.S. Rep. Rosa DeLauro, D-Conn., said only 40,000 requests for reimbursement have been officially received "with estimates of at least another 200,000 deals having been completed but not yet officially submitted."

NHTSA said Thursday it had received 22,782 applications, but that didn't mean all would be approved. A spokesman was unavailable for comment Friday.

University of Bridgeport Engineering School Dean Tarek Sobh, an expert in computer engineering, called the overwhelmed program "pretty amazing."

While he said he didn't know for sure what the problem was, the way the NHTSA asked for material might have contributed to the problems.

NHTSA asked dealers to submit whole digital documents, like PDF files, instead of just having them fill out text forms.

"Literally, that could be the reason," Sobh said. "Scanning takes up 100 to 200 times more information than filling out a form. The easiest way to deal with things like this is to make it text-based."

He said that would also help in processing, because computer programs can search and verify whether the application fits criteria rather quickly, while a scanned document usually requires a human to actually read it.

Other trouble spots for programs like this is not preparing for the time in which people will submit information. He said while you could estimate how many people will participate, as a computer engineer you have to remember people generally all try to file at the same time of day.

"You have to design for the worst times," he said.

Despite the headaches, dealers and their Connecticut trade organization like the program.

"The program is good," said James Fleming, president of the Connecticut Auto Retailers Association and a former Department of Motor Vehicles commissioner.

He said it may be one of the most effective environmental programs the federal government has ever undertaken, because it is removing what could be tons of pollutants from older inefficient cars from the air and it's doing it quickly.

Every car traded in under the program must be junked.

It also has some economic benefits for several sectors, he said.

It's providing work and income for the dealers, who employ 13,000 workers in the state. It's helping people buy new cars by reducing the price. It is helping the state, by providing sales tax and finally, it's helping the towns, who will be able to collect more tax revenue from newer cars than they would from older cars.

Fleming said he thinks NHTSA's filing procedure will improve and the process will take less time in the coming weeks.

Barbara Martin, the Curran business manager who is doing most of the filing, can only hope it does.

"Oh, my God," she said when asked about how the process is going on Friday.