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Secretary LaHood Touts Success of Cash for Clunkers; Responds to Reports by DOT Inspector General, GAO

Transportation Secretary Ray LaHood responded to reports released today by the DOT Office of Inspector General (OIG) and the General Accounting Office on the DOT's popular 'Cash for Clunkers' program and announced next steps for closing it down.

"Cash for Clunkers was wildly successful," said Secretary LaHood. "In a matter of weeks, Americans traded in nearly 700,000 gas-guzzlers for more fuel-efficient cars, improving the environment and providing a lifeline to the auto industry. Our program was a win for everyone, and most importantly it gave the economy a shot in the arm at a time when we desperately needed it."

The Cash Allowance Rebate System (CARS), or "Cash for Clunkers," successfully completed its top objectives set out by Congress: stimulating the economy and aiding the environment through increased car sales and reduction of older, less fuel-efficient vehicles on the roads. In fact, the program saw a 60 percent improvement in fuel economy between the trade-in and new cars purchased.

More than 18,908 dealers participated in the CARS program and 690,114 voucher applications were filed and reviewed by the National Highway Traffic Safety Administration (NHTSA), which administered the program. NHTSA worked with dealers to correct and complete all applications that were received, ultimately approving 677,842 transactions and denying 12,272 applications. More than 99 percent of CARS program rebates were approved and paid under the program, for a total of \$2,854,831,500.

NHTSA was able to keep administrative costs to a bare minimum -- less than three percent of the program cost -- by implementing a strong, multi-tiered approval system to ensure transactions were complete, legitimate and in compliance with program requirements. An internal audit of 1,200 of the 677,842 transactions found a completion rate of 99.96 percent. The OIG report demonstrates a similar rate of success but based on the smaller sample of 393 transactions. Of the 13 that the OIG identified as incomplete at the time of their review, NHTSA has since worked with dealers to complete the documentation in every single case.

Additional detailed information on the program and its implementation and accomplishments is available in NHTSA's report to Congress, "Consumer Assistance Recycle and Save Act of 2009," available online at <http://www.cars.gov/files/official-information/CARS-Report-to-Congress.pdf>

The DOT's official response to the OIG report can be found at <http://www.cars.gov/official-information>

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