

## Popular 'clunkers' program hurts some charities

By CARYN ROUSSEAU and DAVE GRAM (AP) – August 2009

CHICAGO — Vehicles already were lined up for one of the weekly auto auctions benefiting Texans Can, a charity that helps at-risk teenagers and their families, when prospective donors started to call, saying they had changed their minds.

"They said they went ahead and traded it in for the 'cash-for-clunkers' program," said Cheryl Rios, vice president of the Dallas-based charity that serves as many as 6,000 students. She estimates Texas Can already has lost \$75,000 to the federal program.

While "cash-for-clunkers" has been a huge hit with car buyers looking to snap up rebates of up to \$4,500 for trading in gas-guzzlers for new fuel-efficient cars, some charities that rely on vehicle donations for funding say they're receiving fewer cars and trucks.

Others, though, call the program a boon for prompting awareness and activity in an economically distressed market.

Mike Muzzi feared the clunkers program would be bad news for the Good News Garage, an affiliate of Lutheran Social Services of New England. But Muzzi, Vermont director of the program that fixes up donated cars and provides them at low cost to struggling families, said some car dealers with potential customers who don't meet stringent cash-for-clunkers requirements have sent business Muzzi's way.

"There's no straight line we can draw between cash-for-clunkers and an increase in donations," Muzzi said. "But we are experiencing an increase in donations. Last year was a record year for us, and this year is on track to do the same."

Many charity operators and economic observers say it's too soon to determine how the clunkers program will ultimately affect giving.

"It is logical that many charities would be hurt," said John List, an economics professor at the University of Chicago who has studied fundraising. "But it's intuition right now. All the experts are guessing."

Goodwill Industries International Inc. uses the \$14.5 million it gets from the 28,000 donated vehicles it receives each year to fund job training programs. While not jumping to conclusions about the effect on donations, the Rockville, Md.-based charity is "somewhat dubious about it," said its president and chief executive, Jim Gibbons.



In this Aug. 4, 2009 photo, director Mike Muzzi stands in the storage yard full of cars at the Good News Garage in Burlington, Vt., Tuesday, Aug. 4, 2009. Muzzi says he was worried that the Cash for Clunkers program might hurt the business of fixing up donated cars and providing them to needy families. Donors to Good News Garage traditionally have been able to take a tax deduction equal in value to their old car. Muzzi says he thought that incentive might lose out to more generous government rebates designed to get people to trade in their old gas guzzlers. Instead, he says Cash for Clunkers has prompted more people get get into the car market, creating more turnover in vehicles in general. **(AP Photo/Toby Talbot)**

"There's absolutely a risk of negative impact for us and others' ability to provide necessary services to people during a tough economic time," Gibbons said. "If this results in an ability to not fund programs, then we think a new program should be created."

The New York-based National Kidney Foundation receives about 30,000 vehicle donations a year, accounting for 18 percent of the charity's total revenue or \$13 million in research, early detection, patient services and education. The charity said it estimates a 10 to 15 percent decline due to the federal rebates, but hopes people who don't qualify for them will consider donation.

Rick Watkins, who heads Charitable Auto Resources, a San Diego company that manages auto donations for about 800 charities, said he's not only concerned his clients will receive fewer cars, but that the cars they will receive will be in worse shape and fetch less money.

"They (charities) ask me every single day what's going to happen with the cash-for-clunkers program," Watkins said. "The answer is we're going to get less donations and we're going to get lesser quality."

Charities also said they're waiting to see if Congress will extend or put even more money behind the rebate program.

"You start throwing a couple more billion dollars out there, the impact is definitely going to be up there," said Steven Morrow, president of the Denver-based agency Cars Helping Charities Inc.

Some donation program operators say the clunkers program's popularity and publicity has raised awareness about car donation in general and proven beneficial.

"For us it's actually had a counterintuitive effect," said Jerry Davis, CEO of Goodwill Industries of Central Texas. He said his group received 26 cars in July, up from 18 to 12 in the previous five months. "When you want to get rid of your clunker you start thinking about donating it."

Daniel Borochoff, president of the American Institute of Philanthropy, a public watchdog group that monitors charities, said although some charities might lose in the short-term, they should be pleased about the overall economic benefits of the clunkers program.

"I think this program is going to help charities because it is going to help the people the charities exist to serve," he said. "Sure they are likely going to have less cars donated. But there needs to be a calculation: The money charities lose versus more money in the pockets of people in need."

But Helen Ortega, head of Many Motors, a car donation program in Ventura County, Calif., said aside from a recent drop in donations, she's especially disturbed by the destruction of low-mileage cars under the clunkers program.

"I've got a waiting list of 80 families waiting for cars," she said. "It's insanity to go and smash them."

*Dave Gram reported from Burlington, Vt., and Associated Press Writer Michael Tarm contributed to this report from Chicago.*