

Kars4kids Sees Large Uptick in Flood Car Donations - 12/31/2012

By [Patrick Sullivan](#)



The National Automobile Dealers Association in McLean, Va., estimated that as many as 250,000 cars were damaged or destroyed during super storm Sandy. But, the phones aren't ringing much at 1-800 Charity Cars or at the National Kidney Foundation.

Both organizations take donations of vehicles, which they then sell at auction or for salvage. Vehicle donations should be flooding into these organizations, but for the most part they're not.

One charity that is bucking that trend is Kars4Kids in Lakewood, N.J. "We've seen a big jump, especially in the hard hit areas," said Robert Moskovits, director of business development. He estimated between 1,200 and 1,500 "flood cars" have been donated to the organization from Sandy-affected areas of New York and New Jersey. That's not a huge number for Kars4Kids, said Moskovits, considering the organization gets approximately 40,000 vehicle donations per year from around the country. "But in such a concentrated area, it's probably about two months' worth in two weeks," he said.

Kars4Kids, with its ear-worm jingle ("1-877-Kars4Kids, donate your car 'ta-day'!") that plays on radio stations around the country, is the vehicle donation arm of JOY for Our Youth, which seeks to help Jewish children from impoverished families. A major and somewhat surprising driver of the increase, Moskovits said, is outreach to Kars4Kids from relief organizations. "We got calls from local offices of emergency management," he said. "People would come in to fill out their FEMA applications, and would say, 'what about my car?'" The relief workers would then refer people to Kars4Kids.

"Many people were unhappy with the tow trucks," said Moskovits. "In really hard hit areas, the tow trucks weren't coming in." Like most charities that accept vehicle donations, Kars4Kids offers free towing, since many of the donations to the organization are disabled vehicles. "People look at us as a kind of service," he said, adding that many of the donations are from the most badly damaged areas of Staten Island and Brooklyn in New York City, and also the New Jersey shore.

Kars4Kids did not see a similar increase after Hurricane Irene, which hit the East Coast in late August 2011. Moskovits said it could be because Irene did not cause a storm surge of ocean water in coastal areas. "At the time, we maybe saw a slight increase," he said. "Irene was much more of a creek, freshwater flood type of event. Salt water really kills a car."

Moskovits said that most of the vehicles being donated do not have comprehensive auto insurance, which protects against flooding. Three out of four drivers around the country purchase comprehensive insurance, according to Mike Barry, vice president of media relations for the Insurance Information Institute in New York City. Fully-insured vehicles are generally taken back by the insurance company. "The insurance company declares the car a total loss and tries to recoup some of the loss," said Moskovits. "Most people who donate to us don't have (comprehensive) insurance."

Other organizations that take donations of vehicles haven't seen a post-Sandy spike. Chad Iseman, individual giving director for the National Kidney Foundation (NKF) in New York City, said his organization is expecting a small increase of between 50 and 200 donations in the fourth quarter of 2012. Likewise, the Longwood, Fla.-based 1-800 Charity Cars has only seen about 10 flood cars through the end of November, and the Childhood Leukemia Foundation (CLF) in Brick, N.J. has seen five in the same period.

Car donation has slowed considerably since 2005, after the deduction rules were changed in the American Jobs Creation Act of 2004 (AJCA). Prior to January 1, 2005 when the new rules went into effect, donors were able to take a deduction of the fair market value of the vehicle. The AJCA changed it to the gross proceeds of the sale for vehicles valued at more than \$500. Cars sold at auction generally sell for less than market value, and vehicles destined for the scrap yard go for even less. Almost 1 million cars were donated in 2004, compared to slightly more than 311,000 in 2005. In 2009, the most recent year of available data, donations of all vehicles (broken down as cars and other such as boats) fell to 213,833 from 271,136 in 2008.

Volunteers of America (VoA) suffered a drop of about 40 percent once the ACJA went into effect, according to Bob Brandsen, national manager for car donations at VoA Michigan's auto donations and auctions office in Pontiac, Mich. Brandsen's branch handles donations for itself and 18 VOA affiliates across the country. Brandsen said another "handful" of affiliates process their own donations. "(Car donation is) certainly not the fundraiser for charities it used to be back in '04," said Brandsen. He said VoA hasn't seen an appreciable increase in donations after Sandy. "We haven't noticed an uptick or people declaring their car damaged due to flooding," said Brandsen. Last year, the Alexandria, Va.-based VoA received approximately 6,500 vehicle donations, and about 30 percent was in the month of December, said Brandsen.

According to Jim Dunn, CEO of Clearinghouse Enterprises, a for-profit company in Marlton, N.J., that processes vehicle donations for CLF, the last two years have been even harder on car donations, due to the rise of for-profit websites of businesses that buy junk cars. "There are companies offering money, and those companies are getting a lot of the flood cars," he said. "We've seen nothing significant (in flood car donations) and I don't expect to see anything significant."

Dunn said that charities using a processing company typically get between 50 and 70 percent of the sale price, depending on the processing company's administration fees and any fees from the auctioneer. "It just isn't as lucrative unless you're a machine, where all you do is go out and get cars," he said.

Iseman also noticed the past few years, particularly 2012, as being especially slow for vehicle donations. "Overall, it's been down," he said. "Even seeing a bump from Sandy, I would be happy seeing the numbers from last year." A typical fourth quarter for NKF, said Iseman, is between 1,500 and 1,700 vehicles.

Rose Hill, a spokesperson for 1-800 Charity Cars, said the number of donations has “gone down tremendously” during the past two years. “We used to (get) 5,000 (donated vehicles) per month; now we’re only getting 160 a month.” Hill said her organization has received about 10 flood cars, and cited competition as a possible reason. “There’s so many car donation companies out there,” she said.

Donations have been “choppy” year-over-year for VoA since the ACJA, according to Brandsen. For-profit auctioneers have not been cutting into his organization’s donations, but “we know there’s more competition for car donations and junk cars, probably due to the economy and consumer confidence,” said Brandsen. “There’s always some other area getting a piece of the pie.”

Hill said she believes the sluggish economy is having an effect on vehicle donations. “People are definitely holding onto cars longer,” she said. That means that the cars that do get donated have more mileage and wear-and-tear on them. She added, “We don’t get as many nice cars as we used to.”

Dunn estimated that about 65 percent of the cars that pass through Clearinghouse Enterprises go to salvage. The remaining 45 percent that do go to auction, Dunn said. “They don’t have a lot of value when they go to auction to begin with. You always get more at retail than at auction,” he said.

Charities typically see a bump in vehicle donations in the fourth quarter as donors try to get their deductions in before the end of the tax year. Some organizations are not expecting a jump in vehicle donations due to Sandy for months, if at all, said Charles Henderson, national director of communications for the National Council of United States Society of Saint Vincent de Paul (SVdP), based in Maryland Heights, Mo.

“It’s probably too early to detect an additional spike as a result of the hurricane,” said Henderson. One month after Sandy, he said, “most people who’ve been affected by the hurricane are focusing their immediate attention on basic necessities.” SVdP identified a slight increase in the number of cars donated in November, of three to five cars per day up from one to two per day, but Henderson could not say whether the increase was due to Sandy or a normal end-of-year bump.

But even with the slow economy and competition from for-profit entities, charities still want car donations. “Considering it’s a gift to (nonprofits), they’re happy,” said Dunn. “The thing that’s worked so well is it’s a win-win situation. Donors get a tax deduction for something they don’t want anymore. Nonprofits can receive something because they take (the car) off (donors’) hands and not charge anything. The same people would normally never have given that nonprofit a cash donation.” NPT