NADA

Fact Sheet

HOW CONGRESS' PAYCHECK PROTECTION PROGRAM BENEFITS DEALERSHIP EMPLOYEES

BACKGROUND

In March, Congress created the Paycheck Protection Program (PPP) within the CARES Act as a key element in the federal government's response to the coronavirus pandemic. The program was designed to provide businesses with resources to maintain payrolls and hire back employees who may have been laid off, even as business revenues dropped during the economic contraction.

Dealership employees benefited from PPP loans, which provided local dealerships nationwide with the critical funds they needed to maintain payrolls as sales and service revenue dropped sharply. PPP loans have been especially helpful in areas where dealerships were completely or partially closed for a time by state or local executive order.

KEY POINTS

PPP Loan Proceeds Are Being Used as Intended: to Protect Employee Paychecks

- Local dealerships are using PPP funds to keep people on the payroll, because people are the most valuable asset at any dealership.
- The average dealership had a payroll of $4 million in 2019. Under the CARES Act, at least 60% of PPP loans must be used for payroll expenses, but dealerships are generally using a much higher percentage for payroll (including many who are using 100% for payroll).
- Every dealer NADA has heard from who received a PPP loan used it to keep employees on the payroll, and/or bring back furloughed or terminated employees, even though economic conditions would have otherwise forced those dealers to make drastic and permanent workforce reductions.
- As of June 30, approximately $132 billion in the program was still available to businesses nationwide. The program will close on August 8, 2020.

The Dealership Workforce Is a Critical Part of the U.S. Economy

- Before COVID-19 hit, America's franchised dealerships collectively employed more than 1.1 million Americans—and provided those employees with $69 billion in wages.
- That's 1.1 million households and families in rural, suburban and urban communities across the country who depend on the excellent pay and benefits they receive from their dealership jobs to pay their bills, contribute to their local and the national economy, and achieve the American dream.
- In fact, dealership employees earn 49.9% more than their private sector counterparts—with average weekly earnings of $1,400. Dealerships offer compensation that is significantly higher than in other retail sectors, and dealership jobs provide an opportunity to join the middle class.
- All told, the average dealership employee earns more than $70,000 a year.
- The economic benefits of dealership payrolls are known to ripple through the economy, supporting other local businesses and stabilizing the community. After COVID-19, due in large part to the Paycheck Protection Program, the positive impact of maintaining dealership payrolls was magnified. The loss of dealership payrolls during this time would have dramatically increased the severity of the downturn in many communities.

$4M
AVERAGE DEALERSHIP PAYROLL IN 2019

$132B IN PPP FUNDS
STILL AVAILABLE AS OF 6/30/2020

1.1M
PEOPLE COLLECTIVELY EMPLOYEED BY AMERICA'S FRANCHISED DEALERSHIPS

$70K
AVERAGE ANNUAL SALARY OF DEALERSHIP EMPLOYEE

PPP Loans Are Making Economic Recovery Possible

- The rebound in employment seen in the last two months would simply not have been possible without the Paycheck Protection Program.
- Local dealerships across the country are extremely grateful for Congress and the Administration's work to enact, implement and fund the Paycheck Protection Program on behalf of America's employees, including dealership employees.
- NADA has consistently advocated for the broadest possible business relief that will help dealerships retain employees and continue operations. Under normal economic conditions, 15% of all state and local tax revenue comes from dealerships. Dealers are eagerly looking forward to the day when they can make that same economic contribution once again.
- Until then, our primary job at NADA is to work tirelessly to make sure that, as this economy opens up again, franchised dealers and their employees are the ones leading the economic recovery on Main Streets from coast to coast.

15%

OF ALL STATE AND LOCAL TAX REVENUE COMES FROM DEALERSHIPS