



# FUNDING OPPORTUNITIES FOR SCHOOL DISTRICTS TO EMBRACE CLEAN ENERGY!

Is your school district in need of dollars for going green? Want to embrace clean energy technologies but do not have the funds? Want to reduce the operating cost of heating/cooling in your schools? Here is the big news!

Both the federal and state governments have taken significant steps to incentivize schools to increase reliance on clean energy. In 2022, President Biden signed the **Inflation Reduction Act** into law, making a historic commitment to building a clean energy economy, cutting down on pollution and addressing environmental justice.

**What does this mean for our public school districts?** Millions of dollars in tax credits for clean energy and climate action.

The Massachusetts Teachers Association (MTA) is committed to working with members and locals to improve the condition of the school buildings and encourage districts to reduce the use of fossil fuels in their schools. MTA is also part of the Climate Resilient Schools Coalition which urges and supports districts wanting to advance reliance on clean energy. At the 2024 Annual Meeting, the MTA members passed a New Business Item (NBI) on green schools which reflects MTA's interest in working with members and locals to encourage districts to apply for federal funds available through the Inflation Reduction Act (IRA). In response to the NBI, we, at the Center for Education Policy and Practice (CEPP), have curated this resource that provides information on the available federal funding that you can utilize to go **GREEN!**

In case you have any questions or concerns about the health effects or safety in design of any unfamiliar equipment, please contact MTA's Environmental Health & Safety Representative Organizer, Scott Fulmer at [sfulmer@massteacher.org](mailto:sfulmer@massteacher.org).



## FEDERAL RESOURCES

### INFLATION REDUCTION ACT (IRA) of 2022

The Inflation Reduction Act brings new federal funding to schools that embrace clean energy. It is the largest investment in climate and clean energy in the history of the United States. Some key features of the IRA are:

- **Non-competitive** funding as all schools with qualifying projects are eligible to claim clean energy tax credits.
- Tax credits will be paid to schools in the form of a **cash reimbursement**.
- **Unlimited funding** without any cap and schools can claim multiple tax credits in a single year.
- **Funding is available until at least 2032.**

IRA supports **clean technologies** like solar energy, energy storage, ground-source heat pumps, electric school buses, and electric vehicle charging equipment. These new clean energy tax credits can help schools defray the cost of clean energy equipment.

**CHECK OUT “[The Inflation Reduction Act and Schools](#),” to learn more.**

Under the Inflation Reduction Act, for the very first-time, entities like public school districts can now claim tax credits thanks to a new process called [elective pay](#) also known as direct pay.

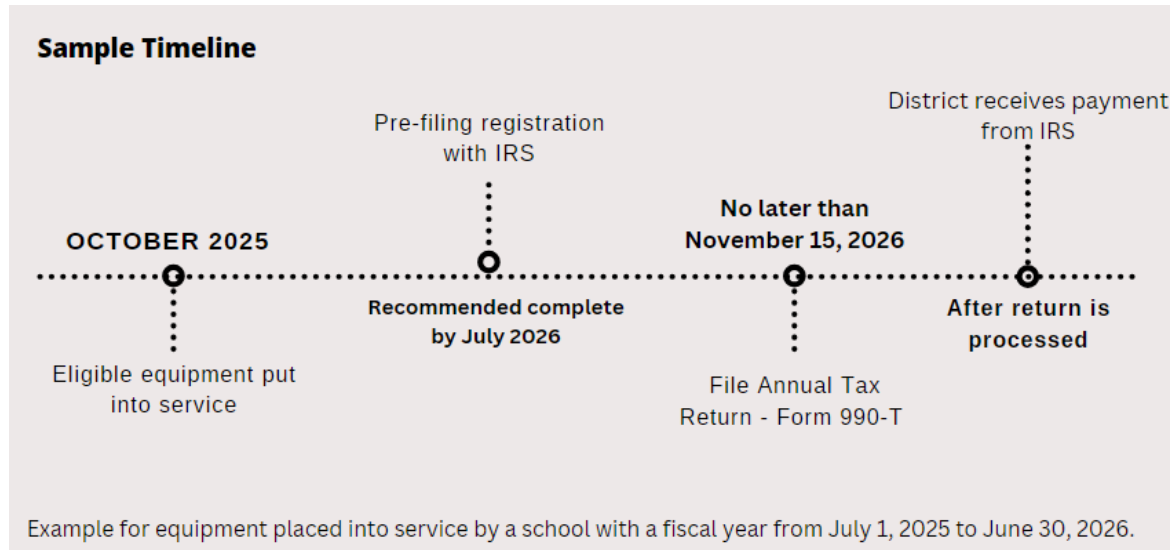
**What is elective pay?** Elective pay allows applicable entities\*, including tax-exempt and governmental entities that would otherwise be unable to claim certain credits because they do not owe federal income tax, to benefit from some clean energy tax credits.

*\*Applicable entities include tax-exempt organizations, such as public schools, non-profits, and Tribal, local, and state governments.*

#### **How does this process work?**

- Place eligible clean energy equipment into service
- Complete a pre-filing registration using the IRS’ Elective Pay portal to receive a registration number for the eligible equipment
- File Form 990-T using the registration number provided
- Receive payment from the IRS after submission is approved

Source: *UndauntedK12*, [IRA and Schools](#)



### *How to get reimbursed?*

To start the **reimbursement process**, schools **MUST** pre-file with the Internal Revenue Service (IRS). If you seek to pre-file, IRS requires you to:

1. Complete the registration process electronically through the IRS [elective pay portal](#).
2. Satisfy the registration requirements and receive a registration number.
3. Obtain a registration number for each qualified investment.
4. Provide the specific information required to be provided as part of the pre-filing registration process including information about the taxpayer and about the qualified investment like its address and coordinates (longitude and latitude), supporting documentation, beginning of construction date, and placed in service date.

**CHECK OUT** “[How do schools get reimbursed by the Federal government?](#)” **to learn more.**



## Clean Vehicle Tax Credit

*Table 1: Tax benefits in the Inflation Reduction Act for Schools*

<i>Sec 45W: Commercial Clean Vehicle Tax Credit</i>	
<b>What is it?</b>	Tax credit for purchasers of qualified commercial clean vehicles
<b>What is eligible?</b>	Electric school buses made by <u>qualified manufacturer</u> approved by the IRS.
<b>Amount</b>	Up to \$40,000, whichever is <b>lesser</b> between: <ul style="list-style-type: none"> <li>• 30% of the cost (cost basis) of an electric school bus <u>OR</u></li> <li>• The incremental cost between an electric &amp; a diesel school bus, both comparable in size</li> </ul>
<b>Can these tax credits be combined with other funds?</b>	The 45W tax credit <b>can</b> be combined with other tax-exempt grants & forgivable loans, such as funding from the EPA Clean School Bus Program (see screenshots for examples of how it works). <b>NOTE:</b> <ul style="list-style-type: none"> <li>• The funding received from grants and loans will be considered as income that impacts the amount of the tax credit. The sum of [tax credit] + [tax-exempt funding] <b>cannot</b> exceed the cost of the electric school bus.</li> <li>• The school district <b>cannot</b> use the tax credit to recover expenses covered by the grant, but it <b>can</b> claim the tax credit for any other expenses incurred not already covered by the grant or loan.</li> </ul>



Example A

Electric school bus cost (the basis)	\$400,000
45 Qualified Commercial Vehicle Tax Credit	\$40,000
EPA Clean School Bus Program Grant	\$395,000

$\$395,000 + \$40,000 = \$435,000$  -- more than the cost of the electric school bus  
Tax credit reduced to \$0

Example B

Electric school bus cost (the basis)	\$400,000
45W Qualified Commercial Vehicles Tax Credit	\$40,000
EPA Clean School Bus Program Grant	\$300,000

$\$300,000 + \$40,000 = \$340,000$  -- less than cost of the electric school bus  
Tax credit stays at \$40,000

**Source:** *Alliance for Electric School Buses, [New Tax Credits & Elective Payments for school districts](#)*



<b>Sec 30C: Alternative Fuel Vehicle Refueling Property</b>	
<b>What is it?</b>	Tax credit for alternative fuel vehicle refueling & charging property in <a href="#">low-income and non-urban areas</a> . A low-income community is one where the poverty rate is at least 20% or where the median family income is less than 80% of the state median family income level.
<b>What is eligible?</b>	Electric school bus charging stations and bidirectional charging equipment is eligible.
<b>Amount</b>	<ul style="list-style-type: none"> <li>• 6% of the property's cost, up to \$100,000 per charger OR</li> <li>• 30% of the property's cost, up to \$100,000 per charger, if the applicant also meets Prevailing Wage <i>and</i> Apprenticeship Requirements.</li> </ul> <p><b>Bonuses:</b> To meet the Prevailing Wage and Apprenticeship Requirements, the school district must ensure that any laborers and mechanics employed by the school district (or by any contractor or subcontractor) in the construction of charging infrastructure will be paid the prevailing wage for construction in the locality in which the project is located, as most recently determined by the Secretary of Labor.</p> <p>To meet the Apprenticeship Requirements, the school district must ensure that a certain percentage of the total labor hours of the charging infrastructure construction (including work performed by any contractor or subcontractor) must be performed by qualified apprentices from a registered apprenticeship program. The applicable percentages or work that must be performed by apprentices are as follows:</p> <ul style="list-style-type: none"> <li>• Construction that begins between January 1-December 31, 2023 - 12.5%</li> <li>• Construction that begins on or after January 1, 2024 - 15%</li> </ul> <p>The apprenticeship requirement may also be subject to an apprentice-to-journeyworker ratio as determined by the Department of Labor or the applicable State apprenticeship agency. Additional exceptions and definitions apply, <a href="#">see here</a>.</p> <p><b>Transferability:</b> The 30C Tax Credit is transferable in part or in full from any taxpayer that is NOT an applicable entity, such as a business, to an eligible entity, like a school district, in exchange for cash. For example, this means a charging infrastructure company could reduce the price of a charging station by the amount of the tax credit.</p> <p><b>Source:</b> <i>Alliance for Electric School Buses</i>, <a href="#">New Tax Credits &amp; Elective Payments for school districts</a></p>
<b>Can these tax credits be combined with other funds?</b>	The 30C tax credit <b>can</b> be combined with other tax-exempt grants & forgivable loans, such as funding from the EPA Clean School Bus Program. <b>NOTE:</b> <ul style="list-style-type: none"> <li>• The funding received from grants and loans will be considered as income that impacts the amount of the tax credit. The sum of [tax credit] + [tax-exempt funding] <b>cannot</b> exceed the cost of the electric school bus.</li> <li>• The school district <b>cannot</b> use the tax credit to recover expenses covered by the grant, but it <b>can</b> claim the tax credit for any other expenses incurred not already covered by the grant or loan.</li> </ul>

**CHECK OUT** this [fact sheet](#) by the *Alliance for Electric School Buses* that provides detailed information on **new tax credits and elective payments** for school districts.



*MTA*  
center for education  
policy and practice



## Bipartisan Infrastructure Law (BIL)

**Bipartisan Infrastructure Law (BIL)** also known as **Infrastructure Investment and Jobs Act (IIJA) 2021** provides funding to improve school buses under the **Clean School Bus** program. The Clean School Bus Program supports transitioning buses to zero emission alternatives. These programs will support innovation in new types of vehicles that reduce pollution in communities and for children and passengers.

The funding from the EPA Clean School Bus Program can be combined with 45W tax credit (see screenshots for examples of how it works on **Table 1: Tax benefits in the Inflation Reduction Act for Schools**).

Read more on the Environmental Protection Agency's [Clean School Bus](#) Program.



center for education  
policy and practice



## SCHOOL TRANSPORTATION AND TRANSPORTATION INFRASTRUCTURE

### Clean School Bus Program (IIJA Sec. 71101)

This new clean school bus program provides funding to help schools transition to zero-emission school buses.

<b>Lead Agency</b>	Environmental Protection Agency
<b>Funding</b>	\$5 billion
<b>Details</b>	<ul style="list-style-type: none"> <li>• The \$5 billion in funding is available for electric, zero-emission school buses, with \$2.5 billion specifically set-aside for electric, zero-emission school buses.</li> <li>• Use of funds include up to 100% of the costs for replacement of an existing school bus, and charging or fueling infrastructure.</li> <li>• Priority will be given to high-need local educational agencies, Bureau-funded schools, education agencies serving children who reside on Indian land, and rural or low-income areas, and applicants leveraging additional funding (grants, public-private partnerships, or school bonds).</li> <li>• Total funding under this program to recipients in a given state cannot exceed 10% of the funding available for this program in a fiscal year.</li> </ul>
<b>Relevant Eligible Beneficiaries</b>	Contractors, state and local governments responsible for school bus service or purchasing, nonprofit school transportation associations, Tribes.





## Solar Energy, Energy Storage, Ground-Source Heat Pumps

*Table 2: Investment Tax Credit Benefits in the Inflation Reduction Act for Schools*

<b>Sec 48: Investment Tax Credit</b>	
<b>What is it?</b>	Investment Tax Credits (ITCs) are applied to the upfront costs of installing clean energy systems such as solar, storage, or geothermal HVAC systems.
<b>Amount</b>	<ul style="list-style-type: none"> <li>• Qualifying geothermal projects are eligible for a credit of up to 50% of their costs to install clean energy technology</li> <li>• Qualifying solar and wind projects could qualify for a credit of up to 70% of their costs to install clean energy technology.</li> </ul> <p><b>Examples</b></p> <p><b>A school district wants to purchase and install a 500 kW solar system at a cost of \$1 million.</b></p> <ul style="list-style-type: none"> <li>• Base Credit 30%: \$300,000.</li> <li>• Additional credits: If the project is located in an energy community and if it utilized materials produced in the US, it would receive two additional credits of 10% each (\$200,000).</li> <li>• Total Credit: The school system would receive a direct payment of \$500,000.</li> </ul> <p><b>A school district wants to purchase and install a 280-ton geothermal heat pump system at a cost of \$10 million.</b></p> <ul style="list-style-type: none"> <li>• Base Credit 30%: \$3 million.</li> <li>• Additional Credits: If the project is located in an energy community and if it utilized materials produced in the US, it would receive two additional credits of 10% each (\$2 million).</li> <li>• Total Credit: The school system would receive a direct payment of \$5 million.</li> </ul> <p>This assumes a 30% base credit** with possible bonus credits, which are stackable, including:</p>

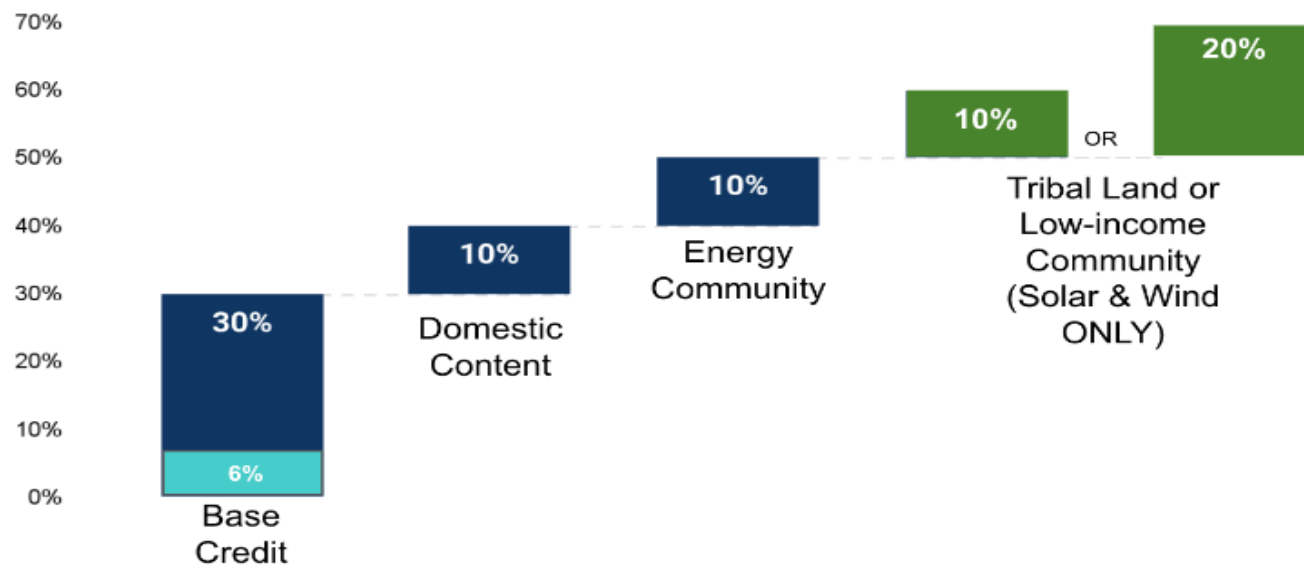


- 10% bonus for domestic content that uses the required amounts of domestically produced steel or iron, and manufactured products
- 10% [energy community](#) bonus for projects in an energy transition community
- 10-20% bonus for projects located in a [low-income community](#) or on tribal lands (see chart below from UndauntedK12)

Plus, in addition to these savings for upfront installation, clean energy technologies can save operating costs over the lifetime of the product.

**\*\* Projects with a maximum output of less than 1 megawatt (MW) are automatically eligible for 30% credit. Projects over 1 MW that do not comply with [prevailing wage and apprenticeship](#) requirements will see a reduction in the base credit from 30% to 6%.**

#### Investment Tax Credit Base and Bonus Credits





## 2024 Renew America's Schools Grants

The Bipartisan Infrastructure Law designated \$500 million to the Department of Education to help rural and high-poverty school districts lower utilities costs, reduce carbon emissions, and build healthier learning environments through building retrofits.



**Table 3: Renew America's Schools Grant Quick Facts**

<b>Administering Federal Agency:</b>	Department of Energy
<b>Implementing Agency:</b>	Local Education Agency
<b>Program Type:</b>	Competitive Grant
<b>Total Funding:</b>	\$500M / Bipartisan Infrastructure Law
<b>Program Timeline:</b>	FY22 - FY26
<b>Matching requirements:</b>	At least 5% of total project costs
<b>Labor standards:</b>	Prevailing wage
<b>Domestic Content:</b>	Build America Buy America requirements
<b>Eligible Entities:</b>	Consortium of a Local Education Agency (LEA) plus one or more of the following: governmental entities such as states, local governments, and Tribes; for-profit entities such as utilities and companies that provide energy services or manufacture energy systems; and non-governmental organizations such as community-based organizations, national associations, labor unions, workforce training providers, and energy focused groups.
<b>Target population:</b>	Low income and rural school districts: schools that serve a high percentage of students who are eligible for a free or reduced-price lunch or have a school district locale code of 41 (fringe), 42 (distant), or 43 (remote).
<b>Stacking Funds:</b>	Consider stacking with other clean energy tax credits or FEMA climate resilient retrofit funding. For schools in disadvantaged communities, consider stacking funding with EPA programs listed above.

**CHECK OUT** this [fact sheet](#) by the *State & Community Energy Programs* that provides detailed information on the **eligibility criteria and the application process** for the 2024 Renew America's Schools Prize.



## LEARN MORE!

-  [What clean energy technologies does the Inflation Reduction Act support?](#)
-  UndauntedK12 has a host of [resources for schools about the IRA](#) that are very comprehensive.
-  [Undaunted's IRA Slide Bank - May 2024 - Google Slides](#)
-  [Clean School Bus Program Awards | US EPA](#)
-  [FACT SHEET: Inflation Reduction Act Tax Credits Can Fund School Facilities Upgrades and Reduce School District Energy Bills | U.S. Department of the Treasury](#)