

## I. Section 74(b), Clean Bus Energy Grant

### A. Grant Description and Objectives

The Michigan Department of Education (MDE) is providing \$125,000,000 in grants to assist with the replacement of Michigan's oldest diesel school buses with new electric, propane, and compressed natural gas school buses. The objectives of this grant are to:

- Reduce diesel emissions, particularly nitrogen oxides (NOx) and fine particulate matter (PM2.5) by removing the oldest, dirtiest diesel buses from our roads;
- Improve air quality inside school buses, outside where school buses idle, and along roadways and through neighborhoods where buses travel;
- Increase protection of human health and the environment with an emphasis on school children and vulnerable populations located in priority areas; and
- Incentivize the utilization of technologies that have the greatest emissions reduction to meet Michigan's climate goals.

This is the first grant opportunity supported through MDE for the purchase of new clean school buses and will be overseen in collaboration with the Department of Environment, Great Lakes, and Energy (EGLE).

### B. Background Air Quality and Priority Area Information

Each day in Michigan, 700,000 children are transported by school buses across the state traveling 900,000 miles. The majority of these buses are diesel-powered and cleaner alternatives exist. This program aims to assist Michigan school districts in transforming pupil transportation to a cleaner ride to school for our children.

Air pollution resulting from diesel emissions is a serious concern with negative effects on human health and the environment. Diesel emissions can impact respiratory, cardiovascular, and neurological systems. Growing children are particularly vulnerable to the harmful effects of diesel emissions and according to the United States Environmental Protection Agency (U.S. EPA):

- Buses idling at schools can produce concentrated diesel exhaust emissions inside and outside schools.
- Diesel exhaust can cause lung damage when inhaled and has been identified as a likely cause of cancer.
- The soot and gasses emitted by diesel engines are associated with:
  - Acute eye, throat, and bronchial irritation
  - Exacerbation of asthma and allergies; and
  - Potential interference with lung development in children

In Michigan (2023), 13.1% of students reported currently having asthma (14.1% of females and 11.9% of males), and the prevalence for Michigan youth who have ever been told they have asthma was 21.1%. Certain counties in Michigan have higher than state averages for childhood asthma. Asthma is one of the leading causes of absenteeism from school, and **1 in 8 Michigan students with asthma** miss more than 6 days of school each year due to asthma.

In addition to impacting human health, diesel exhaust also harms wildlife and the environment by contributing to the formation of smog, acid rain, and ground level ozone. Ground level ozone is created by chemical reactions between NOx emissions and volatile organic compounds in the presence of sunlight. Ground level ozone causes considerable damage to plants, agricultural crops, animals, habitat, and ecosystems. Breathing ozone can trigger a variety of health problems including chest pain, coughing, throat irritation, and airway inflammation. It also can reduce lung function and harm lung tissue. Ozone can worsen bronchitis, emphysema, and asthma, leading to increased medical care.

Not all communities across Michigan are impacted equally by air pollution and Michigan's Clean Bus Energy Grant aims to get cleaner, healthier buses in the districts that need them most by prioritizing areas with poor air quality, exposure to other environmental hazards, and those historically impacted by pollution.

The **MI EJScreen** is an interactive mapping tool that identifies Michigan communities disproportionately impacted by environmental hazards. The map allows users to explore the environmental, health, and socioeconomic conditions within a specific community, region, or across the entire state. These data sets can be viewed individually or combined into a final MI EJScreen score that allows users to understand how communities experience environmental justice impacts relative to others. These results are depicted in the form of maps so that different communities can be compared to one another. A census tract with a high score is one that experiences higher pollution burden and vulnerability than census tracts with lower scores. MI EJScreen ranks census tracts based on data that are available from state and federal government sources.

Michigan has several areas that exceed **National Ambient Air Quality Standards**. These areas are defined as counties (or partial counties) that are designated as in nonattainment or maintenance status for a National Ambient Air Quality Standard criteria pollutant or pollutants. There are currently **5 counties in Michigan** that are identified as air quality priority areas because they are designated as in nonattainment.

**Justice40** refers to the federal government and state of Michigan's commitment that at least 40% of the benefits from climate and energy-related investments flow to disadvantaged communities; therefore, 40% of these funds will be designated for prioritized Michigan school districts. Prioritization of funding will be given to school districts as detailed below (See I. Priority Criteria).

### **C. Eligible Applicants**

**Eligibility:** Applicants eligible to apply for this grant include:

1. Michigan Public School Districts
  - a. One or more local or State governmental entities responsible for:
    - i. Providing school bus service to one or more public school systems; or
    - ii. The purchase, lease, license, or contract for service of school buses;

- b. A public charter school district responsible for the purchase, lease, license, or contract for service of school buses for that charter school; or
- c. A school district providing transportation for special education services.

**D. School Bus Definition and Eligible and Ineligible School Buses**

As defined in 49 CFR 390.5 “School bus”, MCL 257.1807, MDE’s School Bus Inventory Report SE-4107, and in the Pupil Transportation Act, 1990 PA 187, a “school bus” means a motor vehicle with a manufacturer’s rated seating capacity of 11 or more passengers, including the driver, used for the transportation of pre-primary, primary, or secondary school pupils to or from school related events, or a multifunction school activity bus manufactured after September 2, 2003, as defined in 49 CFR 571.3, 49 CFR 571.108, and 49 CFR 571.131. School bus does not include a vehicle operated by a public transit agency or authority. School bus is further defined as a Class 4-8, Type A, B, C or D “bus” that is sold or introduced into interstate commerce for the purposes that include carrying students to and from school or related events on a regular basis.

An alternate fueled school bus is one that is powered by an engine that uses a fuel different from or in addition to diesel fuel (e.g., electricity, natural gas, and propane).

School buses must meet or exceed all State of Michigan and United States Department of Transportation motor vehicle safety standards applicable to school buses.

**Eligible buses for replacement:**

For each diesel school bus to be eligible for replacement, the following requirements must be met and verified with the specified information/documentation below:

- Replacement buses must have served a school district within Michigan.
- If the school bus is model year 2010 or older, the school bus is required to be scrapped to ensure that it will not be operational (See F. Vehicle Disablement Requirements).
  - Required documentation for the buses being scrapped are:
    - Vehicle ID Number (VIN #) and model engine year
    - Copy of the bus title
    - The bus has been owned and operated by the entity for at least 24 months immediately prior to the date of application.
    - It must have traveled at least 5,000 miles transporting students over the 12 months immediately prior to the date of application.
    - It must have used at least 600 gallons of fuel over the 12 months immediately prior to the date of application.
- If the school bus is model year 2011 or newer, the school bus may be scrapped, sold, auctioned or donated to another district or entity.
  - Required documentation for the bus being sold, auctioned or donated are:
    - Vehicle ID Number (VIN #) and model engine year
    - Copy of the bus title and proof of title transfer
    - The bus has been owned and operated by the entity for at least 24 months immediately prior to the date of application.

- It must have traveled at least 5,000 miles transporting students over the 12 months immediately prior to the date of application.
- It must have used at least 600 gallons of fuel over the 12 months immediately prior to the date of application.

**Ineligible school buses for replacement include the following:**

- Gasoline powered buses

**Ineligible school buses for purchase include the following:**

- Repowered electric school buses
- New buses purchased to expand a fleet without replacing an older, diesel school bus

Bus owners who receive funds to purchase new buses through this grant must register the vehicle(s), enter them into the MDE's School Bus Inventory Report SE-4107, and operate them in the State of Michigan in the geographic area specified in the application (i.e., the same geographic region as the bus that is being replaced) for at least 5 (five) years after the grant agreement ends.

If the geographic location, ownership or duration of operation varies from the above stated, the Department is willing to consider leniency, if appropriately justified, given the aim of the program is to improve air quality by replacing the oldest and most polluting school buses in operation with cleaner, less polluting school buses into the communities most deeply impacted by environmental justice.

**E. Eligible Grant Projects- New Vehicle Specifications**

Eligible grant projects include the replacement of old eligible diesel school buses (as described above) with new school buses (model year 2024 or newer) that are all-electric or alternate fuel powered. All new buses must use a U.S. EPA or California Air Resources Board (CARB) certified engine. Certified means that at the time of application submission, the equipment or vehicle, along with the technology or engine to be used in the grant project, are specifically identified on the U.S. EPA or CARB list by vehicle/equipment type or use, manufacturer, engine type, and engine model year. Technology changes may not be permitted after a project has been selected for funding. If technology compatibility issues arise, the Department may elect to terminate the grant agreement, at which time any spent grant funds must be returned to the State.

New school buses are expected to be the same type (Type A-D), similar gross vehicle weight rating, ownership, and serve the same geographic area as the replaced bus. If there is a difference in type, gross vehicle weight rating, ownership or geographic area served compared to the replaced bus, additional justification may be requested.

**F. Vehicle Disablement Requirements**

Eligible school buses for scrapping, as described above, must have their engines and chassis permanently disabled prior to requesting reimbursement for a new bus. Permanently disabling

the engine requires cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders). Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Permanently disabling the chassis and disabling the engine while retaining possession of the bus/equipment is an acceptable scraping method. Permanently disabled buses may also be sold for scrap. A signed certificate of destruction and digital photos of the disabled bus(es), including the vehicle identification number, engine tag (showing serial number, engine family number, and engine model year), destroyed engine block, and cut frame rails or other structural components is required (See Appendix C).

#### **G. Funding Source and Grant Amounts**

A total of \$125,000,000 is available for school bus replacement grants. All proposals should request a minimum of 1 (one) school bus with a maximum of 10 (ten) school buses or 50% of the school district fleet, whichever number is fewer.

#### **H. Funding Levels and Match Requirements and Restrictions**

The maximum percent of grant funds allowed per new school bus varies depending on the type of technology selected. Grantees are responsible for and must commit to paying expenses not covered by the grant necessary to complete the project.

The Department encourages schools to stack funds from awards such as those that may be received from any federal funding program (e.g. EPA Clean School Bus Program or Clean and Heavy-Duty Vehicle Program) in combination with the Michigan Clean Bus Energy Grant that are received from January 1, 2024 to the end of the program. This timeline is subject to be extended depending on the exhaustion of funds allocated to this program. Funding amounts will maximize as detailed below. In the event that funds are stacked with federal funds, the funding amount shall not exceed as outlined below but may cover up to 100% of the total cost of the new all-electric school bus and charging station OR alternative fuel school bus in combination with other funding sources (See I. Priority Criteria for details on funding amounts based on priority).

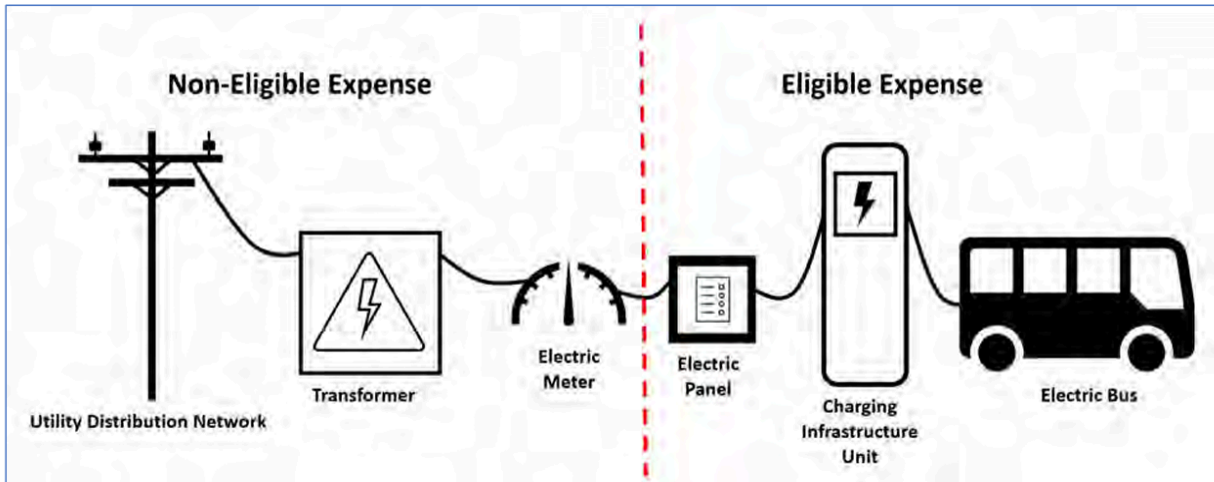
All eligible school districts may apply to receive:

**Electric school bus funding, infrastructure and charging station:** 70% of the total cost for non-prioritized and 70-90% for prioritized districts\*

**Propane school bus funding:** 25% of the total cost for non-prioritized and up to 40% for prioritized districts

**Compressed natural gas (CNG) school bus funding:** 25% of the total cost for non-prioritized and up to 40% for prioritized districts

\*The Department reserves the right to prorate infrastructure costs on a case by case basis with the most prioritized districts eligible for additional funding. Infrastructure costs are defined as any upgrades required for charging stations from the electric meter to the bus, including but not limited to the electrical panel as below.



Grantees will need to demonstrate that adequate fueling or charging infrastructure is or will be installed and fully functional for any alternate fuel or all-electric projects. Charging infrastructure costs are eligible and projects are encouraged to stack these funds with other federal, state and utility funding opportunities.

Grant applicants must explain how the price for the new bus(es) will be established. The Michigan Department of Education will request copies of the grantee’s bids and bid processes (minimum of 3 bids per project), and may fund projects at a lesser percent than requested.

### I. Priority Criteria

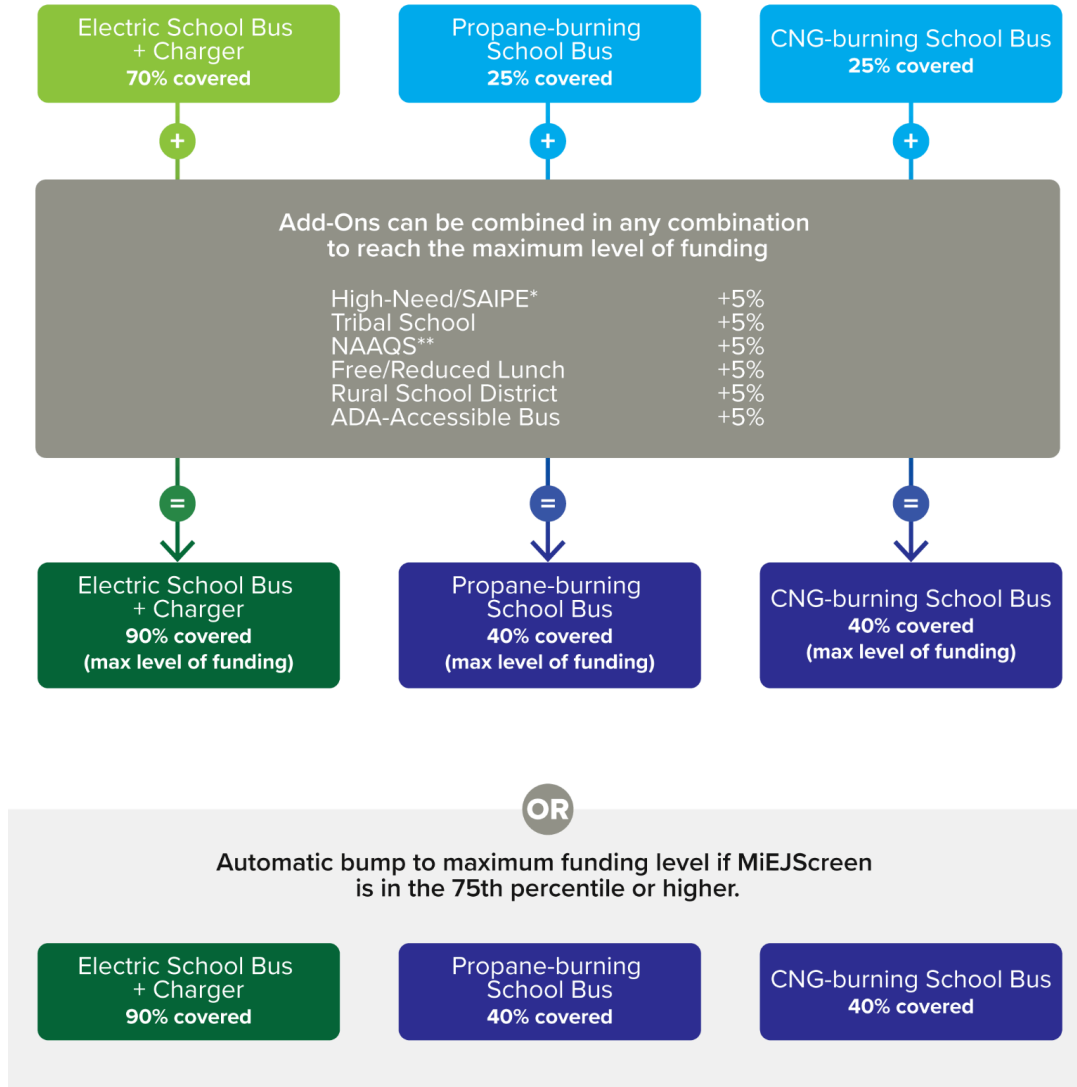
For the purposes of this funding opportunity, **prioritized school districts** must meet one or more of the following prioritization criteria to receive additional funding (beyond 70%) as allocated below to a **MAXIMUM of 90%** of the total cost of the electric school bus, infrastructure and charging station:

- 1) High-need school districts and low-income areas, limited to:
  - a) School districts listed in the Small Area Income and Poverty Estimates (SAIPE) School District Estimates for 2022 as having 15% or more students living in poverty are eligible to receive an additional 5% of funding
  - b) School districts with the number of students receiving free and reduced lunch for 2024 school year is greater than or equal to 70% are eligible for an additional 5% of funding;
- 2) Rural school districts, limited to school districts identified with locale codes “42-Rural: Distant” and “43-Rural: Remote” by the National Center for Education Statistics (NCES) are eligible to receive an additional 5% of funding;
- 3) Bureau of Indian Affairs-funded school districts are eligible to receive an additional 5% of funding;
- 4) School districts that receive basic support payments under section 7703(b)(1) of title 20 for children who reside on Indian land are eligible to receive an additional 5% of funding;
- 5) School districts wishing to utilize funding to purchase an ADA accessible bus are eligible to receive an additional 5% of funding;

- 6) School districts residing in a county currently designated as in nonattainment or maintenance status for NAAQS (5%); and
- 7) School districts servicing census tracts with MI EJScreen score percentiles of 75th and higher are automatically eligible to receive 90% of the total cost of the ESB, infrastructure and charging station.

Please see Michigan's Clean Bus Energy Grant prioritization table for a list of school districts and prioritization criteria for funding.

## Michigan School Districts' Funding Percentages by School Bus Type



\*SAIPE (Small Area Income and Poverty Estimates): provides estimates of income and poverty levels for all states and identifies levels of poverty among school age children in every school district based on U.S. Census Bureau data.

\*\*NAAQS (National Ambient Air Quality Standards): standards on six key pollutants established by the U.S. EPA to safeguard public health.

### J. Expenses and Payment

Distribution of grant funds to eligible awardees for eligible costs will be allocated after all required documentation has been received and the project has been approved by the Michigan Department of Education. Any expenses incurred before the grant agreement is executed, including the grant applicant's expenses for preparing the application, are not eligible for reimbursement. Costs incurred from grant administration and vehicle disabling are not eligible for reimbursement.



#### **K. Grant Recipient Monitoring and Reporting**

MDE and EGLE may send a usage survey and questionnaire to grantees for completion as part of the grant agreement for up to 5 (five) years after the grant agreement ends. Survey information may be used to monitor compliance with grant agreement requirements, report out on effectiveness of projects, and to formulate future Request for Proposals (RFPs).

Information requested may include, but is not limited to:

- Geographic area where the vehicle was used
- Miles driven per year
- Amount of fuel/kilowatts used per year
- Average miles per gallon/charge
- Annual average maintenance costs
- Problems with technology chosen
- Attributes of technology chosen
- Battery usage information collected through telematics with the University of Michigan [Institute of School Bus Data Analytics](#)
- Air quality testing conducted inside and outside of the bus through University of Michigan School of Public Health

The collection of the above data will not be at the cost of the school district.

The Michigan Department of Education and/or EGLE may conduct a site visit to inspect the new buses for up to 5 (five) years following the award.

#### **L. Grant Application Evaluation and Award Announcement**

Grant applications will be evaluated by a panel composed of state government staff and appointees and final decisions will be made by the Department. Grant applications will be evaluated based on prioritization status with a minimum of 40% of the total funding allotted to prioritized districts (\$50,000,000), and the remaining funding allotted to non-prioritized districts.

#### **M. Project Clarifications/Revisions**

During the grant application review process, applicants may be contacted for clarification and for the purpose of negotiating changes in the project, the timeline, and grant amounts. Michigan Department of Education reserves the right to award grants for amounts other than those requested and/or request changes to, or clarification of, the proposed work plan.

#### **N. Grant Agreement**

Each applicant is formally entering into a grant agreement with MDE if awarded and accepted by the grantee. MDE has the right to come on site and inspect the use of funds associated with this grant.

#### **O. Online Resources**

Below are websites that provide useful information and resources to aid in the development of your application:

- EPA Clean School Bus Program: <https://www.epa.gov/cleanschoolbus>
- EPA Clean and Heavy Duty Vehicles Program: [tps://www.epa.gov/clean-heavy-duty-vehicles-program](https://www.epa.gov/clean-heavy-duty-vehicles-program)
- Renew America's Schools: <https://www.energy.gov/scep/renew-americas-schools>
- World Resources Institute: Electric School Bus Initiative: <https://electricschoolbusinitiative.org/>
- Joint Office of Energy and Transportation: [Technical Assistance and Resource for School Districts](#)
- CALSTART: [Zeroing in on Zero-Emission Buses](#)
- MI EJScreen: <https://www.michigan.gov/egle/maps-data/miejscreen>
- [Michigan Association of Pupil Transportation](#)

**P. Confidentiality**

All information and materials regarding this grant are subject to the Freedom of Information Act.

**Q. Application Access and Submission Deadlines**

School districts are to log into NexSys using the MILogin portal to access the application for 74(b) Clean Bus Energy Grant. Proposals must be submitted electronically to the NexSys portal and are due no later than **5:00 PM ET on July 12, 2024**. If all funds are not exhausted, future funding rounds with or without modifications to the program will occur.

**R. Support**

Questions should be emailed to [MDE-CleanBusEnergy@michigan.gov](mailto:MDE-CleanBusEnergy@michigan.gov). An FAQ document will be available on the Michigan Association of Pupil Transportation (MAPT) website on the program tab page and weekly office hours will be held by MDE and MAPT every Friday from 9:30- 10:30 AM ET to assist applicants with their questions.

**II. Appendices**

- A. 2024 MI Clean School Bus Program: School Board Awareness Certificate
- B. 2024 MI Clean School Bus Program: Utilities Awareness Certification
- C. 2024 MI Clean School Bus Program: Scrappage Statement
- D. 2024 MI Clean School Bus Program: Service Level Agreement

**Appendix A:**

## 2023 MI Clean School Bus Program School Board Awareness Certification

By signing, I certify that I am an Authorized Representative for *(school board name)* and that *(Applicant Name)* has made us aware that *(Applicant Name)* is applying for the 2024 MI Clean School Bus Program funding for the *(School District Name)*. I also certify, in discussions with *(Applicant Name)*, we have discussed the number of buses for replacement, the fuel type of the new buses, and which party will own the buses.

School Board Authorized Representative

<i>School Board Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

School District Authorized Representative

<i>School District Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

Applicant Authorized Representative

<i>Applicant Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

**Appendix B:**

## 2023 MI Clean School Bus Program Utilities Awareness Certification

By signing, I certify that I am an Authorized Representative for *(the utility company)* and that *(Applicant Name)* has made us aware that *(Applicant Name)* is applying for the 2024 MI Clean School Bus Program funding for the *(School District Name)*. I also certify, in discussions with *(Applicant Name)*, we have discussed the number of buses for replacement, the fuel type of the new buses, and infrastructure needs.

**Utilities Authorized Representative**

<i>Utilities Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

**School District Authorized Representative**

<i>School District Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

**Applicant Authorized Representative**

<i>Applicant Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

**Appendix C:**

## 2023 MI Clean School Bus Program Scrappage Statement

Vehicle make:	Engine make:
Vehicle model:	Engine model:
Vehicle model year:	Engine model year:
VIN:	Engine horsepower:
Odometer/usage meter reading:	Engine IS or serial number:

I certify that on   /  /  , the above engine and chassis were permanently disabled. Disabling the engine consisted of drilling a three-inch hole in the engine block or some other approved scrappage method. Disabling the chassis consisted of cutting completely through the frame/frame-rails on each side of the vehicle/equipment at a point located between the front and rear axles or some other approved scrappage method. The following required digital photos of the disabled engine and chassis are attached: Side profile of the vehicle, prior to disabling; VIN tag or equipment serial number; Engine label (showing serial number, engine family number, and engine model year); Engine block, prior to hole; Engine block, after hole; and cut frame rails.

MDE Grantee/Subgrantee Authorized Representative (print name):

MDE Grantee/Subgrantee Authorized Representative (signature):

Vehicle owner's name:

Vehicle owner's address:

Vehicle owner's signature:

Date:

Dismantler/Scrapper Name:

Dismantler/Scrapper Address:

Dismantler/Scrapper Signature:

Date:

## Appendix D:

# 2023 MI Clean School Bus Program Service Level Agreement

By signing, I certify that I (*the school district*) have a service agreement that covers products' operations and maintenance with the (*school bus dealer/manufacturer*) and (*charging dealer/manufacturer*).

Parameters of this agreement will include for school bus dealer/manufacturers:

- Length of agreement
  - Should at least match the length of maintenance warranty
- Service response time
  - Should be an amount of time that both the district and dealer/manufacturer are comfortable with. This will cover both a response time to have a technician onsite or virtually diagnose the issue, as well as a time frame to have an issue in service for a repair.
- Uptime guarantee
  - Specify how long a bus may be down or out of service for a reason outside of an accident. If the bus is out of commission for longer than this time, the dealer will provide the district with a replacement bus or pay a pre-specified daily penalty.
- Training
  - What level of training will the dealer or manufacturer provide for the fleet operators' drivers, mechanics and others.

Parameters of this agreement will include for charging dealer/manufacturers:

- Length of agreement
  - Should be up to five years with a termination clause for poor performance.
- Service response time
  - Should cover 4 levels of response time:
    - Emergency service
    - Scheduled service
    - Ongoing Maintenance
    - Firmware updates
- Uptime guarantee
  - Should stipulate an uptime of greater than 97% (the minimum uptime requirement recommended by the Federal Highway Administration's National Electric Vehicle Infrastructure Program). Uptime is the amount of time the charger is available for use outside of scheduled maintenance and repair.
- Training
  - Should cover charger operations, maintenance and troubleshooting, as well as any portals or dashboards used to collect and display data on charger performance.

School District Authorized Representative

<i>School District Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

School Bus Dealer/Manufacturer Authorized Representative

<i>Dealer/Manufacturer Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>

Charging Dealer/Manufacturer Authorized Representative

<i>Dealer/Manufacturer Authorized Representative Name (Print)</i>	<i>Authorized Representative Signature</i>	
<i>Authorized Representative Title</i>	<i>Phone Number</i>	<i>Email</i>