

Federal Funding Available to Schools

WHY DOES THIS MATTER: [The Inflation Reduction Act \(IRA\)](#), [The Infrastructure Investment and Jobs Act \(IIJA\)](#), and [The American Rescue Plan \(ARP\)](#) provide an unprecedented opportunity to fund and implement climate action plans in schools.

KEY POINTS

- The Inflation Reduction Act includes tax credits that will support schools in mitigating their climate impact by transitioning to clean energy and transportation
 - [Investment tax credits](#) can be used for energy investment and installation and can help schools reduce the cost of transitioning to renewable energy, like solar panels, geothermal heat pumps, and energy storage systems. This tax credit has the potential to fund up to 60% of a renewable energy project.
 - [Clean transportation tax credits](#) can aid schools in purchasing clean light- and heavy-duty vehicles, including school buses or other vehicles owned and operated by school districts. These credits can reduce the upfront cost of electric vehicles by up to \$40,000 dollars, making electric school buses more affordable and accessible.
- The IRA also offers grant opportunities that schools can directly apply for, or they can work with community partners to ensure that the projects benefit students
 - Schools can use the [clean heavy duty vehicle grant program](#) to further help replace diesel school buses and other eligible school-owned vehicles with zero emission vehicles.
 - [Funding to Address Air Pollution at Schools](#) includes grants to monitor and reduce greenhouse gas emissions and other air pollutants at schools in low-income and disadvantaged communities.
 - [Environmental and Climate Justice block grants](#) can be used to address disproportionate environmental and public health harms related to pollution and climate change. Schools can be key partners to ensure that these grants benefit students and families.
- [The Infrastructure Investment and Jobs Act \(IIJA\)](#) also provides billions of dollars that can be used to help schools address climate change
 - Schools can take advantage of [grants for energy efficiency and renewable energy improvements](#) that will improve indoor air quality, save energy, and reduce energy costs.
 - Another opportunity, the [clean school bus program](#), provides 5 billion dollars in funding to help schools transition to zero-emission school buses.
- [The American Rescue Plan](#) includes \$350 billion in State and Local Fiscal Recovery Funds to support a range of pandemic response and recovery efforts, including school improvements to ventilation and building energy systems that reduce costs and support healthy environments.



Direct Pay: The investment and clean transportation tax credits in the Inflation Reduction Act include a [Direct Pay option](#), which allows non-taxable entities, such as schools, to receive the eligible amount as a cash payment from the IRS. These dollars are uncapped and non-competitive. For more details on the various financial incentives available to schools for adopting clean energy, see [Schools and the Inflation Reduction Act](#).

SCHOOL BOARD ROLE: Collectively, these dollars represent the largest investment in climate and clean energy in US history. And with the recent release of the “Direct Pay” provision of the Investment Tax Credit, every school in America that installs clean energy technologies can recover up to 60 percent of their costs. School board members will play a crucial role in ensuring that school districts are taking advantage of these opportunities and are making plans to pivot toward clean energy technologies over the next ten years that the ITC is available.