

# Summary Report: The EPA's Infrastructure Investment and Jobs Act Funding for the 2022 Clean School Bus Rebates Program

April 1, 2026 | Report No. 26-N-0021



SUMMARY REPORT



## Abbreviations

EPA	U.S. Environmental Protection Agency
IIJA	Infrastructure Investment and Jobs Act
OIG	Office of Inspector General

## Cover Images

*Top:* New electric buses for South Carolina. The image shows yellow school buses lined up in adjacent parking spots, connected by black cords to tall, rectangular charging stations mounted in a row. The charging stations are located in a grassy area bordered by trees. (EPA OIG image)

*Middle:* Electric school bus. The image shows a yellow school bus in front of a building. (EPA image)

*Bottom:* School buses. The image shows three yellow school buses in a staggered row. In the distance is a mountainous terrain with trees. (EPA image)

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**OFFICE OF INSPECTOR GENERAL**  
U.S. ENVIRONMENTAL PROTECTION AGENCY

April 1, 2026

**MEMORANDUM**

**SUBJECT:** Summary Report: The EPA's Infrastructure Investment and Jobs Act Funding for the 2022 Clean School Bus Rebates Program  
Report No. 26-N-0021

**FROM:** Nicole N. Murley, Deputy Inspector General performing the duties of the Inspector General *Nicole N. Murley*

**TO:** Aaron Szabo, Assistant Administrator  
Office of Air and Radiation

This is our report on the subject project conducted by the U.S. Environmental Protection Agency Office of Inspector General. The project number was [OA-FY25-0076](#). This report does not contain any recommendations. For that reason, the Agency is not required to respond. If the Agency submits a response, however, it will be posted on the OIG's website, along with our memorandum commenting on the response. The response should be provided as an Adobe PDF file that complies with the requirements of section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that the Agency does not want to be released to the public; if the response contains such data, your office should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

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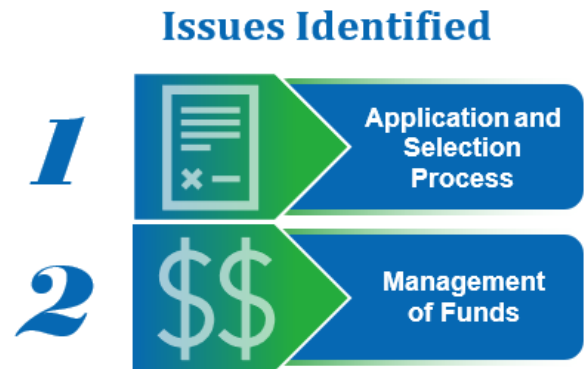
# Purpose and Overview

The U.S. Environmental Protection Agency Office of Inspector General initiated this project to summarize findings from prior EPA OIG reports on the EPA’s management of the Infrastructure Investment and Jobs Act funding for the 2022 Clean School Bus Rebates Program that could help inform the Agency’s decision-making when funding future programs.

We reviewed five previously issued EPA OIG reports related to the EPA’s 2022 Clean School Bus Rebates Program. From those, we identified two main issues with the program: the application and selection process and the management of funds. This report summarizes each of these issues, along with the associated deficiencies highlighted in the prior reports.

This report also analyzes the 11 recommendations that we made to the EPA to address the deficiencies identified in those five prior reports. The Agency has completed or is in the process of implementing corrective actions for all 11 prior recommendations. These corrective actions have resulted in improvements to the Clean School Bus Program.

In the beginning of fiscal year 2026, the Clean School Bus Program had \$2.37 billion in funds remaining. As of February 2026, the EPA announced that it intends to revamp the Clean School Bus Program and issued a Request for Information to seek feedback from fleet operators, manufacturers, school officials, and energy producers. The Agency can use this summary report to inform its decision-making regarding future awards of Clean School Bus Program funds, as well as the distribution of funds under other Agency programs.



# Background

The National Transportation Safety Board estimates that there are nearly 500,000 diesel school buses operating in the United States. According to the EPA, these school buses travel more than four billion miles each year, providing daily transportation to and from school for more than 25 million children. The diesel exhaust emissions from these buses contain pollutants that can contribute to poor air quality and negatively impact human health, especially in children. Bus drivers and other school staff members are also exposed to diesel exhaust inside and near these school buses.

The Infrastructure Investment and Jobs Act, or IIJA, appropriated \$5 billion to the EPA's Clean School Bus Program across five years to replace a portion of the country's diesel school buses. The cleaner school bus replacements will produce fewer emissions, resulting in cleaner air on the buses, in bus loading zones, and in the communities that the buses serve.

## Types of air pollutants emitted by diesel school buses

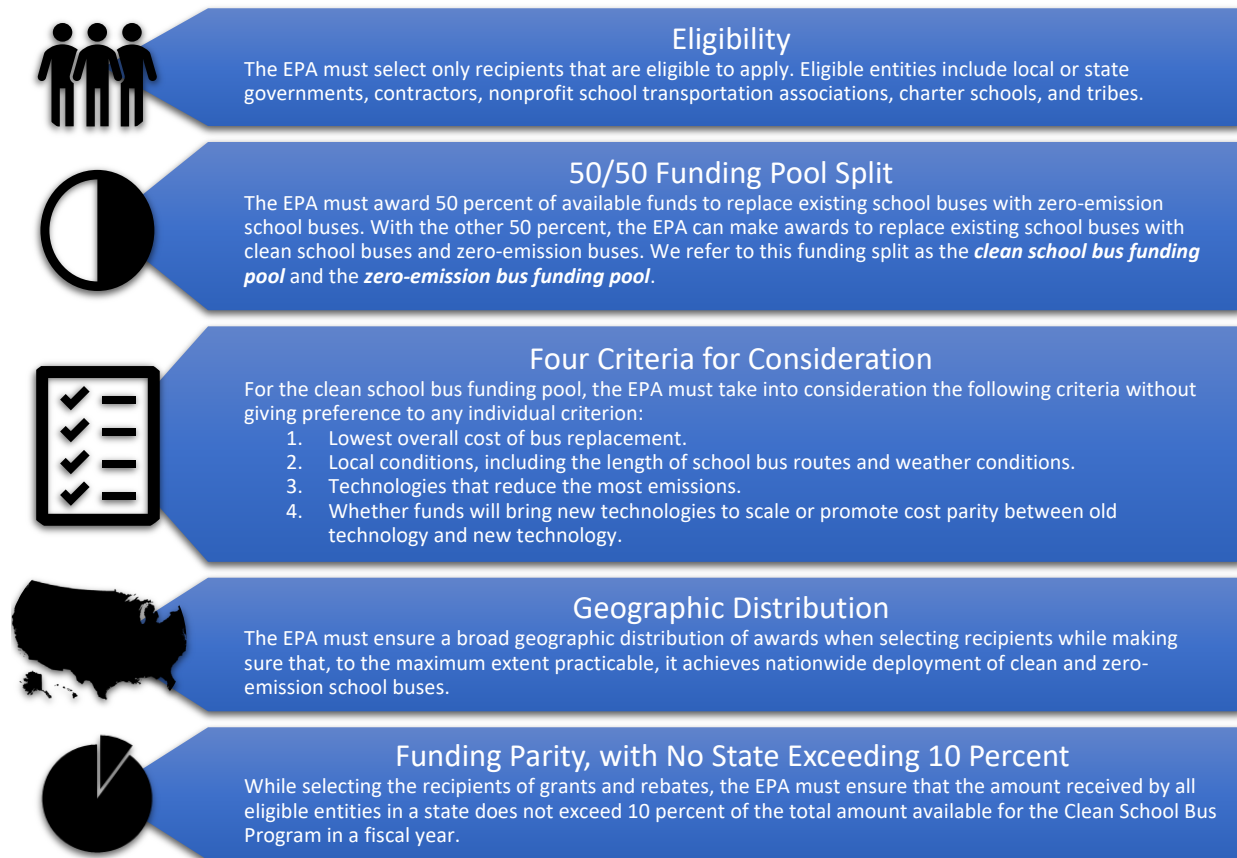
Vehicles that use diesel fuel create harmful byproducts, such as nitrogen dioxide, carbon monoxide, particulate matter, and formaldehyde. In addition, these vehicles emit carbon dioxide, methane, and nitrous oxide, which are greenhouse gases that trap heat in the atmosphere.

## The IIJA and the Clean School Bus Program

The IIJA, signed into law on November 15, 2021, expanded the Clean School Bus Program under section 741 of the Energy Policy Act of 2005. Specifically, IIJA section 71101(b) provides that the EPA will award grants, contracts, and rebates to replace existing school buses with cleaner models, such as school buses fueled by compressed natural gas or propane, as well as zero-emission school buses. Of the total \$5 billion that the IIJA is providing from fiscal year 2022 through fiscal year 2026 for this purpose, the EPA received \$1 billion annually: \$500 million to fund the procurement of zero-emission and clean school buses and \$500 million to fund only the procurement of zero-emission school buses. As a part of these funds, the EPA allocated up to \$20,000 for each eligible zero-emission school bus to install charging infrastructure.

As shown in Figure 1, the IIJA amended the Energy Policy Act to set forth five requirements for the EPA to consider when selecting recipients of the Clean School Bus Program funds: eligibility, funding, criteria for funding, geographic distribution, and funding parity.

**Figure 1: IIJA requirements for the selection of Clean School Bus Program fund recipients**



Source: OIG summary of IIJA selection requirements. (EPA OIG image)

In program guidance, the Agency outlined additional Clean School Bus Program eligibility parameters, including eligibility requirements for the existing school buses to be replaced and for the replacement school buses to be procured. For example, the *2022 Clean School Bus (CSB) Rebates Program Guide* said that the existing buses must be vehicle model year 2010 or older; have a gross vehicle weight rating of more than 10,000 pounds; and still be operational when the application is submitted to the Clean School Bus Program. It also specified that the new buses must operate as part of a school bus fleet for at least five years and be maintained, operated, and charged or fueled according to manufacturer recommendations or state requirements.

## The EPA's Clean School Bus Program Awards

Pursuant to the IIJA, the EPA can distribute the \$5 billion in Clean School Bus Program funds as rebates, grants, or contracts. As of October 2025, the EPA had managed three full application and selection rounds to award program funds allocated to the Agency. Two rounds in fiscal years 2022 and 2023 awarded rebates to selected recipients, while another round in fiscal year 2023 awarded grants. The two rebate programs awarded a total of \$1.68 billion to 826 school districts, resulting in the replacement of 5,569 buses with clean school buses. The grant program awarded \$950 million to

65 recipients to replace 2,696 buses with clean school buses. We summarize the fiscal year Clean School Bus programs below and provide timelines for each in Appendix A.

As shown in Table 1, the Clean School Bus Program still had \$2.37 billion remaining after it awarded the fiscal years 2022 and 2023 rebates and grants. In September 2024, the EPA initiated another rebate program to award the fiscal year 2024 funds.<sup>1</sup> However, the EPA informed us in November 2025 that it is currently evaluating potential next steps for the program.

**Table 1: Clean School Bus Program status by fiscal year and program, as of November 2025**

Fiscal year and program	Dollars awarded	Total number of recipients	Total buses replaced
2022 rebate program	\$865 million	368 school districts	2,328
2023 grant program	\$950 million	65 recipients	2,696
2023 rebate program	\$815 million	458 school districts	3,241
<b>Funds remaining</b>	<b>\$2.37 billion</b>	—	—

Source: The EPA Office of Air and Radiation’s Clean School Bus Dashboard. (EPA OIG table)

Note: The 2023 grant program reflects the total number of recipients rather than school districts in the table above because one grant award can include multiple school districts.

### **The 2022 Clean School Bus Rebates Program**

The Agency chose to use rebates to award the first round of Clean School Bus Program funds in fiscal year 2022. A rebate is a payment from the EPA to an eligible entity to subsidize the purchase of eligible clean school buses and charging infrastructure. Via the 2022 Clean School Bus Rebates Program, the EPA awarded \$865 million to purchase 2,328 replacement buses: 2,211 electric buses; 116 propane buses; and one compressed natural gas bus.

#### **The benefits of a rebate program**

According to the EPA, it chose to provide funding through rebates because of the following advantages:

- Ease of the application process. Rebate applications are generally quick and simple, whereas grants generally require longer, more detailed applications.
- Ease of the selection process. A random lottery process is used to select rebate recipients, whereas competitive grant programs select recipients based on an evaluation of the application materials.
- Shorter project periods. Rebate programs are generally narrowly focused on providing funding for products—in this case, the eligible buses and related infrastructure—and for projects of relatively short durations.
- Flexibility for financially vulnerable communities. Rebate programs provide flexibility in funding, such as providing funds for training. Rebates can also reach financially vulnerable communities faster to make sure they have an opportunity to receive the benefits of the program quickly.

<sup>1</sup> The majority of IIJA funds, including the Clean School Bus Program funds, are available until expended. This means, for example, that any reference to the EPA’s “fiscal year 2024” Clean School Bus funds indicates when the funds were appropriated to the EPA, not necessarily when the EPA will award or use the funds.

For the 2022 Clean School Bus Rebates Program, the EPA defined the eligible applicants as school districts, bus dealers, original equipment manufacturers, and tribal entities responsible for providing school bus service. Each applicant was able to request funds for up to 25 buses. The highest rebate amount allowed was \$375,000 per bus. The rebate amount per bus depended on the bus fuel type, the bus size, and whether the school district met one or more of the prioritization criteria listed in the *2022 Clean School Bus (CSB) Rebates Program Guide*. These prioritization criteria included high-need and low-income school districts, rural school districts, and tribal school districts.



An electric school bus being charged. (EPA OIG image)

As of October 2025, 261 school districts, or about 71 percent, of the 368 school districts receiving fiscal year 2022 rebates had completed their closeout process. Conversely, 107 school districts, or about 29 percent, had not completed their closeout process. The EPA told us that school districts may not have completed their closeout process for several reasons. For example, the closeout process can be lengthy, or the school districts have approved extensions.

### ***The 2023 Clean School Bus Grant Program***

In fiscal year 2023, the EPA awarded \$950.1 million in grants via the 2023 Clean School Bus Grant Program. These funds were awarded to 65 recipients to purchase a total of 2,696 replacement buses: 2,634 electric buses and 62 propane buses. The grant program opened for applications on April 24, 2023. The awards have a period of performance of 24 months, which began in April 2024 and could be extended up to 36 months. Most projects are scheduled to close out around March 2026.

### ***The 2023 Clean School Bus Rebates Program***

The EPA's 2023 Clean School Bus Rebates Program awarded approximately \$815 million to 458 school districts to fund 3,241 replacement buses: 2,847 electric buses; 393 propane buses; and one compressed natural gas bus. The EPA opened the program for applications in September 2023, selected recipients in April 2024, and is accepting payment request forms and issuing rebate payments until the program end date in April 2026. As of October 2025, the EPA had awarded approximately 82 percent of the 2023 Clean School Bus Rebates Program funds. Additionally, as of October 2025, the program had 12 approved extension requests, which means 12 school districts are scheduled to close out their projects after the program's April 2026 end date.

### ***The 2024 Clean School Bus Rebates Program***

In September 2024, the EPA opened the 2024 Clean School Bus Rebates Program, with plans to award up to \$965 million in rebates to school districts, tribal nations, and third-party applicants. In February 2026, the EPA announced that it will not be awarding funds under the 2024 Clean School Bus Rebates Program.

## ***The 2025 and 2026 Clean School Bus Program Funds***

The IIJA funded the Clean School Bus Program through fiscal year 2026. In February 2026, the Agency issued a Request for Information to seek feedback from fleet operators, manufacturers, school officials, and energy producers on a range of fuel options that school bus sectors could use. According to the Agency, it intends to use the information gathered from the Request for Information and the lessons learned from previous Clean School Bus Program funding rounds to revamp the program for a 2026 grant funding opportunity.



Electric school bus motor. (EPA OIG image)

## **Responsible Offices**

The EPA Office of Air and Radiation develops national programs, policies, and regulations for controlling air pollution and radiation exposure. Within the Office of Air and Radiation, the Office of Transportation and Air Quality addresses emissions from a range of mobile sources: cars and light trucks, large trucks and buses, farm and construction equipment, lawn and garden equipment, marine engines, aircraft, and locomotives. This office is also responsible for administering the Clean School Bus Program, which includes making awards in the form of grants or rebates to eligible recipients. Clean School Bus Program outreach activities include hosting webinars in English and Spanish that provide an overview of the program, the application process, the available technology to replace buses, the technical assistance for electric fleets, and the next steps for funding recipients. According to the EPA, its obligated budgets for implementing the Clean School Bus Program in fiscal years 2022, 2023, and 2024 were approximately \$6.3 million, \$15.5 million, and \$17.0 million respectively.

## **Scope and Methodology**

We conducted this project from July 2025 to January 2026. This project does not constitute an audit or evaluation but is intended to comprise a review of prior EPA OIG reports. This work was conducted in accordance with the *Quality Standards for Federal Offices of Inspector General*, published by the Council of the Inspectors General on Integrity and Efficiency in August 2012.

To answer our project objective, we reviewed five reports that we issued related to the EPA's 2022 Clean School Bus Rebates Program:

- OIG Report No. [25-P-0007](#), *The EPA Should Improve Monitoring of 2022 Clean School Bus Rebate Recipients' Use of Funds and Deployment of Buses and Infrastructure*, issued December 4, 2024.
- OIG Report No. [25-F-0010](#), *Independent Audit of the EPA's Fiscal Years 2024 and 2023 (Restated) Consolidated Financial Statements*, issued November 15, 2024.

- OIG Report No. [24-E-0050](#), *The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds*, issued July 31, 2024.
- OIG Report No. [24-N-0013](#), *Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA's Clean School Bus Program*, issued December 27, 2023.
- OIG Report No. [24-P-0012](#), *The EPA Clean School Bus Program Could Be Impacted by Utility Delays*, issued December 27, 2023.

We analyzed the report findings, as well as the status of the EPA's corrective actions to address the recommendations made in these reports, to develop a concise summary. In addition, we identified issues consistently presented across the reports that the EPA could consider in its future decision-making for both the Clean School Bus Program and other Agency programs. For example, one issue consistently presented across our five prior reports was inadequate internal controls. According to the U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government*, "[m]anagement should design control activities to mitigate risks to achieving the entity's objectives to acceptable levels." Control activities may be designed to minimize the ability to conduct or conceal fraud. Examples of such activities include requiring applicants to provide supporting documentation to verify identity and eligibility, procedures to verify that information and eligibility criteria are met, and supervisory approval processes.

# Summary of Findings

1



## Application and Selection Process

The application and selection process for the 2022 Clean School Bus Rebates Program lacked adequate internal controls. Through the application and selection process, the EPA was to evaluate the information that applicants provided and then award rebates to those that met the eligibility requirements and criteria outlined in the *2022 Clean School Bus (CSB) Rebates Program Guide*. For an effective application and selection process, internal control activities,<sup>2</sup> such as attestations or verification protocols, must be designed and implemented to mitigate the risks of awarding funds to ineligible recipients. Specific to the 2022 Clean School Bus Rebates Program, the EPA should have designed control activities to validate the information provided in applications and to verify that applicants met the program guide’s criteria and requirements. Not only would these control activities ensure that the EPA selected only eligible applicants, but they would also reduce the risk of fraud, waste, and abuse of taxpayer funds.

Three of the five prior reports that we reviewed about the 2022 Clean School Bus Rebates Program identified deficiencies attributable to the EPA’s application and selection process. Specifically, two of the reports concluded that the application and selection process lacked necessary control activities, while a third report found that the EPA’s application and selection process did not consider the risk associated with increased power supply demands for electric school buses. Based on our analysis of these three reports, we identified three specific control activity deficiencies within the 2022 Clean School Bus Rebates Program’s application and selection process: (1) supporting documentation requirements and attestations were insufficient, (2) verification protocols were not established, and (3) program performance factors lacked consideration. We discuss these deficiencies in more detail below.

### (1) Supporting Documentation Requirements and Attestations Were Insufficient

Two reports detailed how the EPA did not require sufficient supporting documentation to verify the identity of applicants or the accuracy of information submitted in the applications for the 2022 Clean School Bus Rebates Program. In addition, applicants were not required to expressly attest to the accuracy and truthfulness of their applications. Instead, the application and selection process largely relied on self-certifications that could not be properly validated or verified. Specifically:

<sup>2</sup> An entity designs, implements, and operates internal controls to achieve its objectives related to operations, reporting, and compliance. The Government Accountability Office sets internal control standards for federal entities in [GAO-25-107721](#), *Standards for Internal Control in the Federal Government*, issued May 15, 2025.

- *OIG Report No. 24-E-0050, The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds*, issued July 31, 2024, said that the EPA did not require sufficient documentation to demonstrate that recipients' existing school buses met the fuel, weight, and operational status requirements or that the replacement buses would provide a school district with bus service for at least five years.
- *OIG Report No. 24-N-0013, Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA's Clean School Bus Program*, issued December 27, 2023, stated that the IJIA and the EPA's implementing guidance did not require applicants to expressly attest to the accuracy and truthfulness of their applications. It also said that applicants were not required to provide data to support their applications. The report explained that the EPA instead relied on each applicant's self-certification of the information contained in the application, as well as the applicant's estimates of the bus metrics, such as the miles to be driven per year, the fuel to be used by the replacement buses, and the existing buses' current state of repair.

## (2) Verification Protocols Were Not Established

Two reports stated that the EPA did not establish verification protocols to ensure that the 2022 Clean School Bus Rebates Program applications were accurate and that eligibility criteria were met. This internal control deficiency increased the risk of funds being awarded to ineligible applicants, which in turn increased the risk for fraud, waste, and abuse of program funds. Specifically:

- *OIG Report No. 24-N-0013, Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA's Clean School Bus Program*, issued December 27, 2023, highlighted that the EPA has no mechanism for verifying the accuracy or legitimacy of applicant information, as well as no process for following up with recipients of Clean School Bus Program funds during the project period of performance to ensure that they are meeting their self-certifications and remain eligible. The report identified the EPA's lack of clear and established verification protocols and its reliance on applicants' self-certification of their eligibility as major program challenges that may result in inaccurate information being submitted to the EPA. In addition, the report found that the EPA allowed some eligible contractors to apply or initiate an application on behalf of eligible entities without their knowledge.
- *OIG Report No. 24-E-0050, The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds*, issued July 31, 2024, found that the EPA lacks internal controls for verifying Clean School Bus Program applications prior to awarding funds.



Front of a clean school bus.  
(EPA OIG image)

### (3) Program Performance Factors Lacked Consideration

Two reports identified that the EPA did not consider program performance factors during the application and selection process for the 2022 Clean School Bus Rebates Program. A failure to mitigate risks associated with these performance factors could inhibit the program from meeting its objectives. Specifically:

- *OIG Report No. 24-E-0050, The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds*, issued July 31, 2024, found that the EPA is not ensuring that Clean School Bus Program applicants intending to purchase zero-emission school buses have school districts with suitable local conditions. According to the report, the EPA could, for example, require these applicants to submit suitability analyses or attestations. The report described how it would be an inefficient use of IIJA money if some of the zero-emission school buses purchased do not work well in the recipients' school districts, as those funds could have otherwise been awarded to school districts with suitable conditions for zero-emission school buses.
- *OIG Report No. 24-P-0012, The EPA Clean School Bus Program Could Be Impacted by Utility Delays*, issued December 27, 2023, described how the increased demand on utility companies may impact the timeliness of replacing diesel buses. Specifically, the report stated that the EPA may be unable to effectively achieve program goals unless it can ensure that school districts will be able to establish the infrastructure necessary to support clean bus and charging purchases. It concluded that utility installation delays must be addressed for taxpayers to reap timely health and environmental benefits from the IIJA's \$5 billion investment in this program.



Inside view of an electric school bus. (EPA OIG image)

The EPA should consider these three control activity deficiencies to inform its decision-making related to future Clean School Bus Program awards. These issues are also applicable to any other EPA program that awards funds. The Agency should ensure that it has adequate internal controls over its application and selection processes, including documentation requirements that are sufficient to verify applicant eligibility for program funds, verification protocols to ensure that applications are accurate and that applicants meet all eligibility criteria, and consideration of performance factors that could inhibit the program from meeting its objectives.

# 2



## Management of Funds

Deficiencies related to the 2022 Clean School Bus Rebates Program’s management of funds were also common findings in two of the five prior oversight reports that we reviewed. The EPA’s *2022 Clean School Bus (CSB) Rebates Program Guide* described how funds should be managed under the program. However, two prior reports identified that (1) program performance was not adequately monitored, (2) guidance for managing program funds was incomplete, and (3) financial statement reporting practices were improper.

### (1) Program Performance Was Not Adequately Monitored

OIG Report No. 25-P-0007, *The EPA Should Improve Monitoring of 2022 Clean School Bus Rebate Recipients’ Use of Funds and Deployment of Buses and Infrastructure*, issued December 4, 2024, described how the EPA did not monitor bus deployment status and recipient use of funds awarded via the 2022 Clean School Bus Rebates Program. The EPA did not monitor program performance despite committing to do so in the *2022 Clean School Bus (CSB) Rebates Program Guide* and in a September 28, 2022 meeting between the EPA and the OIG. By not implementing monitoring procedures, the EPA cannot adequately gauge program performance and protect taxpayer funds.

### (2) Guidance for Managing Program Funds Was Incomplete

OIG Report No. 25-P-0007, *The EPA Should Improve Monitoring of 2022 Clean School Bus Rebate Recipients’ Use of Funds and Deployment of Buses and Infrastructure*, issued December 4, 2024, found that the EPA did not provide guidance in the *2022 Clean School Bus (CSB) Rebates Program Guide* as to whether program funds should be kept in separate accounts; whether recipients could earn interest on Clean School Bus funds; or how recipients could use any interest earned. According to the report, recipients earning interest may have been disincentivized to complete their purchases in a timely manner so that they could earn additional interest. Despite these potential interest earnings, the Agency said that any interest earned would not be recovered because there is no guidance on interest earned on rebate funds. The report also stated that some recipients were keeping Clean School Bus funds in accounts with other funds, which increases the risk of program funds being used for other purposes.

### (3) Financial Statement Reporting Practices Were Improper

OIG Report No. 25-F-0010, *Independent Audit of the EPA’s Fiscal Years 2024 and 2023 (Restated) Consolidated Financial Statements*, issued November 15, 2024, found two material weaknesses and one significant matter involving compliance with laws and regulations pertaining to the 2022 Clean School Bus Rebates Program. According to the Government Accountability Office, a “material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be

prevented, or detected and corrected, on a timely basis.” The following are the three issues identified in OIG Report No. 25-F-0010 related to the 2022 Clean School Bus Rebates Program:

- The EPA failed to implement internal controls to make sure 2022 Clean School Bus Rebates Program funding was properly allocated in fiscal years 2023 and 2024. The EPA recorded the full amount paid to the Clean School Bus rebate recipients as an expense, instead of an advance, prior to the recipient expending the funds.
- The EPA used insufficient documentation to develop its process to calculate the 2022 Clean School Bus Rebates Program accrual for fiscal years 2024 and 2023. To support its determination on the calculation of rebate accruals, the EPA sent the Clean School Bus rebate recipients survey questions relating to their funding. Since the information that the recipients provided to the EPA lacked sufficient supporting documentation, the EPA’s fiscal years 2024 and 2023 Clean School Bus Rebates Program accrual could be misstated.
- The EPA did not comply with federal financial accounting standards and financial reporting requirements by improperly recording advances as expenses for the 2022 Clean School Bus Rebates Program disbursements. The federal financial accounting standards and financial reporting requirements recognize that advances either are cash outlays made by a federal entity to others to cover a part or all of the recipients’ anticipated expenses or are advance payments for the costs of goods and services acquired.

The EPA should consider these funding management deficiencies to inform its decision-making related to future Clean School Bus Program awards. These issues are also applicable to any other EPA program that awards funds. The Agency should ensure that it monitors program performance to identify potential issues and protect taxpayer funds, completes program guidance to facilitate compliance with federal regulations and program requirements, and follows proper financial reporting practices to comply with federal financial accounting standards and financial reporting requirements.

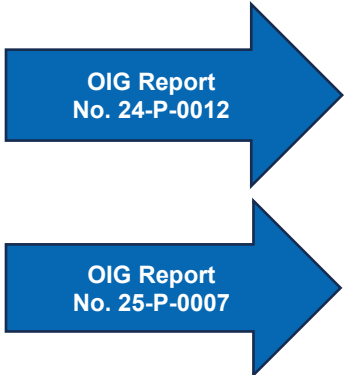
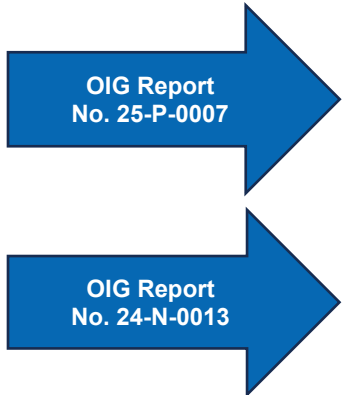


Electric school bus assembly in process. (EPA OIG image)

# Improvements to the Clean School Bus Program

As part of our prior oversight work related to the Clean School Bus Program, we issued 11 total recommendations to the Agency. The EPA subsequently completed corrective actions that addressed seven of our recommendations, leading to program improvements. Notably, in 2023, the EPA updated its guidance to address the accrual of interest on Clean School Bus funds. In addition, in 2024, the EPA required each applicant to certify that the school district notified the school board of its intended participation in the Clean School Bus Program. Tables 2 and 3 show the changes made to the Clean School Bus Program to address prior OIG reports.



**Table 2: Changes made to the Clean School Bus Program guides to address prior OIG reports**

Guidance reflecting change	OIG report	Description of change
<p><i>The 2023 Clean School Bus (CSB) Rebates Program Guide</i></p>		<ul style="list-style-type: none"> <li>• Applicants that have requested electric buses in their applications must submit a Utility Partnership Agreement verifying that the school districts have notified their local utility company of their intended participation in the program.</li> <li>• Rebate recipients must manage the program funds to ensure that they do not accrue interest, are kept in separate accounts, and are used only for eligible expenses. If any interest is accrued from program funds, the interest must be returned to the EPA.</li> </ul>
<p><i>The 2024 Clean School Bus (CSB) Rebate Program Guide</i></p>		<ul style="list-style-type: none"> <li>• All applicants must submit a School Board Awareness Certification verifying that the school districts have notified their school board of their intended participation in the program and that the school districts are prepared for the next steps to meet the demands of the program.</li> <li>• Rebate recipients must follow proper financial management practices regarding the reception of program funds; work with their third-party vendors to document eligible expenses; and return money made off interest, if it exceeded \$25, to the EPA.</li> </ul>

Source: OIG analysis of the 2022, 2023, and 2024 program guides for Clean School Bus rebates. (EPA OIG table)

Note: OIG Report Nos. 24-P-0012 and 24-N-0013 did not contain recommendations; however, the Agency made improvements to the Clean School Bus Program that address issues identified within these reports.

**Table 3: Other corrective actions completed to address prior OIG reports**

OIG report	Corrective actions*
 <p>OIG Report No. 25-F-0010</p>	<ul style="list-style-type: none"> <li>• Developed guidance for new or modified programs to use during program design to ensure that proper accounting treatments and financial management principles are implemented.</li> <li>• Developed a checklist to assess risk and internal controls for new or modified programs to be included in the Enterprise Risk Management and Program Integrity Annual Guidance.</li> <li>• Refined the methodology for calculating Clean School Bus Program rebate accruals.</li> <li>• Reconciled the advance payments and expenses for the Clean School Bus Rebates Program after the end of each quarter.</li> <li>• Developed guidance on the life cycle of recording Clean School Bus payments, including the reconciliation of close-out packages for final expense transaction recording.</li> </ul>
 <p>OIG Report No. 24-E-0050</p>	<ul style="list-style-type: none"> <li>• Issued guidance to Clean School Bus Program rebate and grant applicants on the types of documentation needed to support that their existing school buses are eligible for replacement and that replacement school buses will provide bus service for five years.</li> </ul>

Source: OIG analysis of information in the EPA's Enterprise Audit Management System. (EPA OIG table)

\* Data as of January 30, 2026.

Furthermore, according to the Office of Air and Radiation, the Agency has taken additional actions since February 2025 to specifically improve its oversight of the Clean School Bus Program, including conducting site visits to rebate recipients, reviewing and identifying concerns regarding the use of funds, and providing weekly project status reports to the chief financial officer.

## Summary of Recommendations and Status of Actions

Three of the five reports that we reviewed for this report issued recommendations to the Agency. Refer to Appendix B for a list of the recommendations. One of the five reports did not issue recommendations but did highlight areas for improvement for the Agency’s consideration. The final report that we reviewed did not issue any recommendations or considerations for improvement. Table 4 summarizes the report recommendations and their status.

**Table 4: Prior OIG recommendations related to the Clean School Bus Program and status of the Agency’s corrective actions**

OIG report	Recommendations made to the EPA?	Status of recommendations*
<i>The EPA Clean School Bus Program Could Be Impacted by Utility Delays</i> OIG Report No. 24-P-0012	No.	n/a
<i>Management Implication Report: Preventing Fraud, Waste, and Abuse Within the EPA’s Clean School Bus Program</i> OIG Report No. 24-N-0013	No, but the report did identify areas for improvement for the Agency’s consideration.	n/a
<i>The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds</i> OIG Report No. 24-E-0050	Yes, the report contained four recommendations.	One recommendation is closed with corrective action completed. Three recommendations are resolved with corrective actions pending.
<i>Independent Audit of the EPA’s Fiscal Years 2024 and 2023 (Restated) Consolidated Financial Statements</i> OIG Report No. 25-F-0010	Yes, the report contained five recommendations pertaining to the Clean School Bus Program.	All five recommendations are closed with corrective actions completed.
<i>The EPA Should Improve Monitoring of 2022 Clean School Bus Rebate Recipients’ Use of Funds and Deployment of Buses and Infrastructure</i> OIG Report No. 25-P-0007	Yes, the report contained two recommendations.	One recommendation is closed with corrective action completed. One recommendation is resolved with corrective action pending.

Source: OIG analysis of information in the EPA’s Enterprise Audit Management System. (EPA OIG table)

\* Data as of January 30, 2026.

# Conclusions

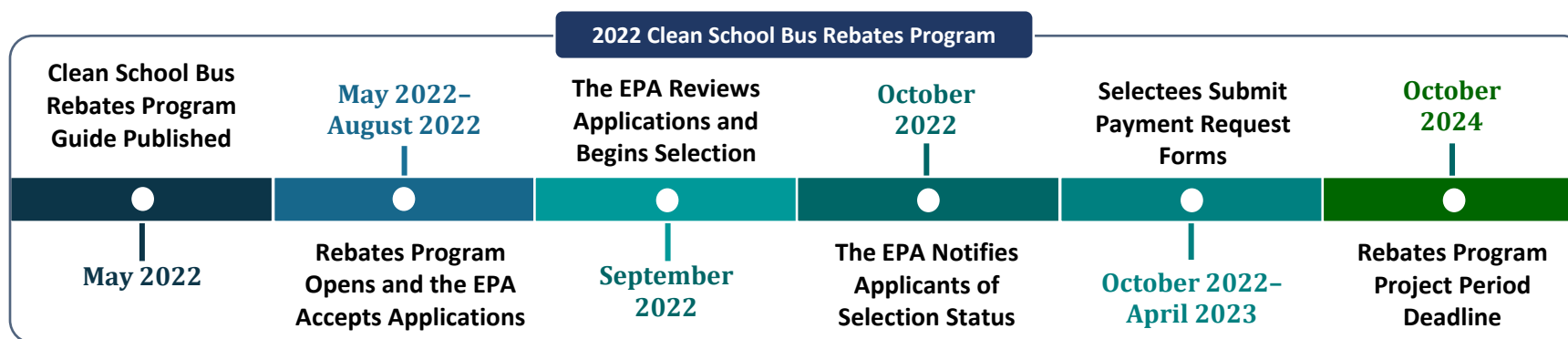
Through the rebates and grants awarded in 2022 and 2023, the EPA has distributed about \$2.63 billion to school districts across the country to replace 8,265 diesel school buses with cleaner alternatives. However, the Agency needs to improve its internal controls over the Clean School Bus Program's application and selection process and its management of funds. As a result of our prior oversight work related to the 2022 Clean School Bus Rebates Program, the EPA has implemented corrective actions to make improvements. The Agency can consider the issues that we highlight in this report in its decision-making regarding the remaining \$2.37 billion in IIJA funds for the Clean School Bus Program.

The EPA has announced that it intends to revamp the Clean School Bus Program. The implementation of the pending corrective actions will help ensure that the remaining funds are disbursed in a manner that protects these funds from fraud, waste, and abuse. The EPA can also use this summary report to inform how it awards future Clean School Bus funding, as well as how it awards financial assistance under other Agency programs. Because our report has no recommendations, the Agency was not required to provide us with a written response. However, the Agency provided us with feedback that we incorporated as we deemed appropriate.

## *Timelines with Milestone Dates for the Clean School Bus Program Funding Opportunities*

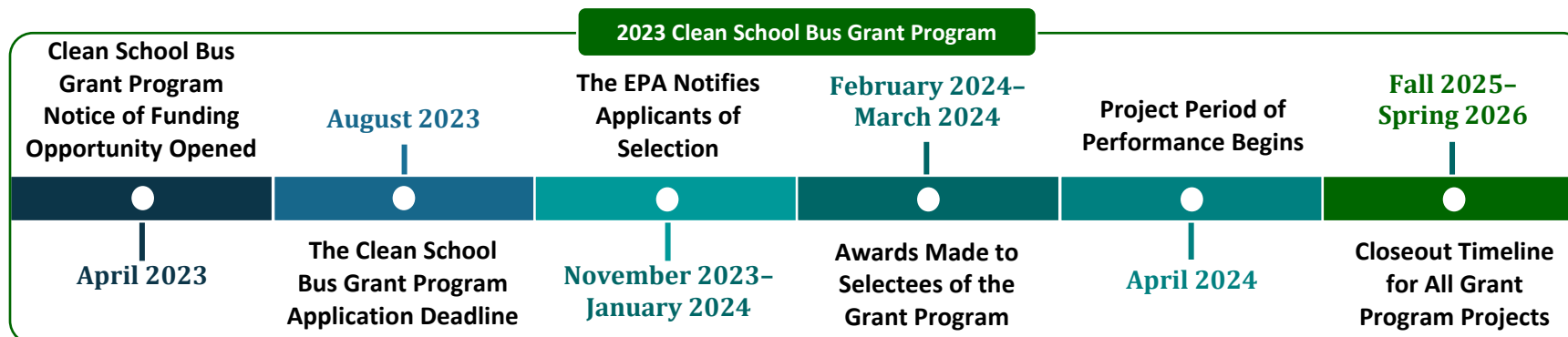
The below figures summarize the timelines presented in the program guides that the EPA published for its 2022, 2023, and 2024 application and selection rounds for the Clean School Bus Program.

**Figure A-1: 2022 Clean School Bus Rebates Program timeline**



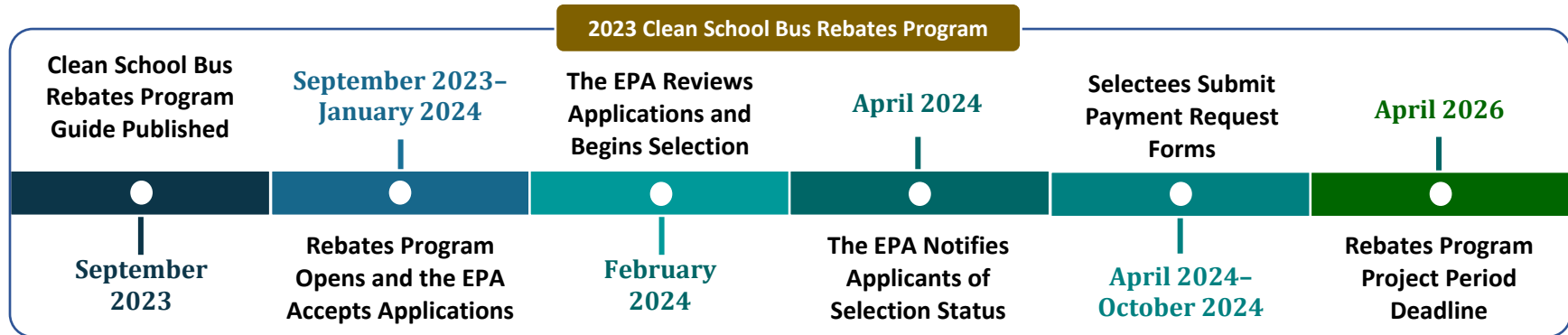
Source: 2022 Clean School Bus (CSB) Rebates Program Guide. (EPA OIG image)

**Figure A-2: 2023 Clean School Bus Grant Program timeline**



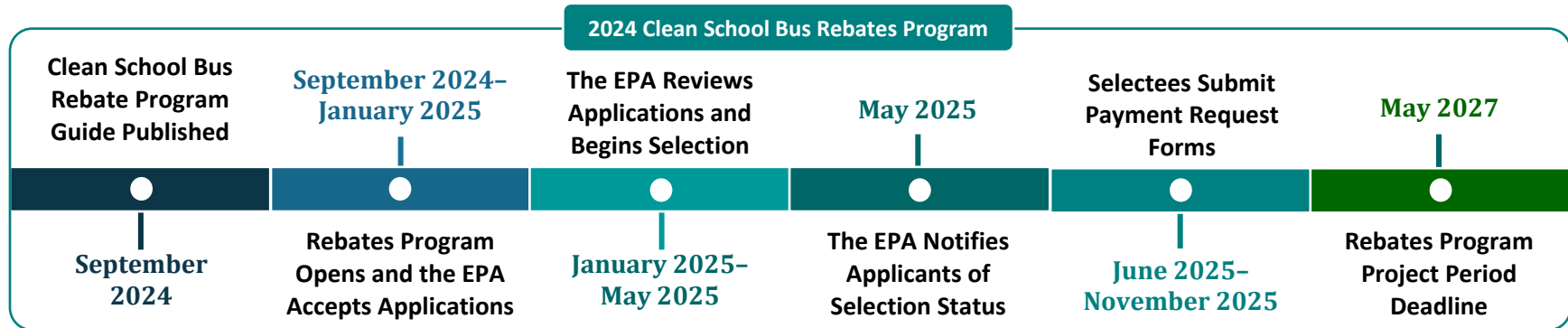
Source: 2023 Clean School Bus (CSB) Grant Program Guide. (EPA OIG image)

Figure A-3: 2023 Clean School Bus Rebates Program timeline



Source: 2023 Clean School Bus (CSB) Rebates Program Guide. (EPA OIG image)

Figure A-4: 2024 Clean School Bus Rebates Program timeline



Source: 2024 Clean School Bus (CSB) Rebate Program Guide. (EPA OIG image)

## EPA OIG Prior Report Recommendations

The table below lists prior report recommendations related to the Clean School Bus Program that were included in three of the five reports that we reviewed for this report.

OIG report	Report recommendations
<p><i>The EPA Needs to Improve Internal Controls for Selecting Recipients of Clean School Bus Program Funds</i> OIG Report No. 24-E-0050</p>	<ol style="list-style-type: none"> <li>1. Issue guidance to Clean School Bus Program rebate and grant applicants on the types of documentation needed to support that their existing school buses are eligible for replacement and that replacement school buses will provide bus service for five years.</li> <li>2. Require future Clean School Bus Program rebate and grant applicants to provide sufficient documentation to support their applications, including documentation that their existing school buses are eligible for replacement and that replacement school buses will provide bus service for five years.</li> <li>3. Update the standard operating procedures and trainings for Clean School Bus Program application reviewers. The standard operating procedures and trainings should address confirming, before the EPA awards funds, the eligibility of applicants and their school buses, including that their existing school buses are eligible for replacement and that replacement school buses will provide bus service for five years.</li> <li>4. Establish procedures to verify that, if an applicant is requesting Clean School Bus Program funds to replace existing school buses with zero-emission school buses, zero-emission school buses are suitable for the applicant's school district.</li> </ol>
<p><i>Independent Audit of the EPA's Fiscal Years 2024 and 2023 (Restated) Consolidated Financial Statements</i> OIG Report No. 25-F-0010</p>	<ol style="list-style-type: none"> <li>1. Develop guidance, including an Office of the Chief Financial Officer checklist to review, evaluate, and determine the accounting treatment and financial management considerations for new and modified programs.</li> <li>2. Develop and implement a methodology for calculating Clean School Bus Rebates Program accrual calculations.</li> <li>11. Update the accounting model for the Clean School Bus Rebates Program to comply with federal reporting requirements.</li> <li>12. Develop guidance on recording the payments for the Clean School Bus Rebates Program in the EPA's accounting system.</li> <li>13. Reconcile the advances and expenses quarterly for the Clean School Bus Rebates Program.</li> </ol>
<p><i>The EPA Should Improve Monitoring of 2022 Clean School Bus Rebate Recipients' Use of Funds and Deployment of Buses and Infrastructure</i> OIG Report No. 25-P-0007</p>	<ol style="list-style-type: none"> <li>1. Develop and implement guidance for Clean School Bus Program personnel on reviewing Clean School Bus rebate recipients' use and management of rebate funds.</li> <li>2. Establish clear guidelines for Clean School Bus rebate recipients to adhere to regarding the management of rebate funds.</li> </ol>

Source: OIG analysis of EPA OIG Report Nos. 24-E-0050, 25-F-0010, and 25-P-0007. (EPA OIG table)

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