



MEMORANDUM

To: Members and Staff, Subcommittee on Oversight and Investigations

From: Majority Committee Staff

Re: Oversight and Investigations Subcommittee Hearing, “Making the Grade?: Audit of the Environmental Protection Agency’s Clean School Bus Program.”

On Wednesday, September 13, 2023, at 10:30 a.m. (ET) in 2322 Rayburn House Office Building, the Subcommittee on Oversight and Investigations will hold a hearing entitled, “Making the Grade?: Audit of the Environmental Protection Agency’s Clean School Bus Program.”

I. WITNESS

- The Honorable Sean O’Donnell, Inspector General, Office of the Inspector General, U.S. Environmental Protection Agency

II. BACKGROUND

A. The Environmental Protection Agency’s Clean School Bus Program

Enacted on November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) directed the Environmental Protection Agency (EPA) to establish the Clean School Bus Program (CSB Program).¹ The IIJA ordered EPA to award grants and rebates for replacing existing school buses with “clean school buses” and “zero-emission school buses.”² The IIJA defines a zero-emission school bus as one that produces zero exhaust emissions of any air pollutant or greenhouse gas, and a clean school bus as one that reduces emissions and uses an alternative fuel or is a zero-emission school bus.³ The IIJA requires that of the amounts awarded each fiscal year, 50 percent shall be for replacing existing school buses with zero-emission school buses, and 50 percent shall be for replacing existing school buses with clean school buses and zero-emission school buses.⁴

¹ Pub. L. No. 117-58 § 71101.

² *Id.*

³ *Id.*

⁴ *Id.*

This law also authorizes and appropriates \$1,000,000,000 to the EPA for this program for each of fiscal years 2022 through 2026, to be available until expended.⁵ Eligible recipients for awards under this program include contractors that sell clean school buses or arrange financing for such sales; local or state government entities; nonprofit school transportation associations; Indian Tribes, Tribal organizations, or Tribally-controlled schools.⁶ The EPA may make awards for the cost of replacing existing school buses with clean school buses or zero-emission buses and charging or fueling infrastructure.⁷

The EPA has announced that it plans to provide several funding opportunities under this multi-year program.⁸ In May of 2022, the EPA announced the 2022 Clean School Bus Rebates, with the application window closing in August of 2022.⁹ In October of that year, the EPA announced it would fund 400 rebate applications to replace 2,600 buses.¹⁰ According to the EPA, 95 percent of the replacement buses will be electric buses.¹¹ On April 24, 2023, the EPA opened a second funding opportunity under this program, the 2023 Clean School Bus Grant Program.¹² Under this funding opportunity, EPA announced that it plans to award approximately \$400 million in the form of 25 to 50 cooperative agreements.¹³ EPA anticipates notifying selectees of these awards in November 2023 to January 2024 and making the awards in February to March 2024.¹⁴ The EPA also stated it plans to operate a 2023 rebate funding opportunity as well.¹⁵

B. The Environmental Protection Agency Office of the Inspector General's Related Work

The EPA Office of the Inspector General (OIG), an independent office within the EPA, conducts audits, evaluations, and investigations; makes recommendations to improve program efficiency and effectiveness; and works to prevent waste, fraud and abuse at the EPA.¹⁶ On February 27, 2023, the EPA OIG announced its plans to begin an audit of the CSB Program.¹⁷ The EPA OIG stated that it aimed to determine whether potential supply chain or production delays could impact EPA's distribution and management of program funds. The EPA OIG has not completed this audit but plans to share the status of the report and initial findings.

⁵ *Id.* § 71101, div. J, tit. VI.

⁶ *Id.* § 71101.

⁷ *Id.*

⁸ Env'tl. Prot. Agency, EPA-OAR-OTAQ-23-06, 2023 Clean School Bus (CSB) Grant Program, Notice of Funding Opportunity 4 (Apr. 24, 2023), *available at* <https://www.epa.gov/system/files/documents/2023-04/2023-csb-grant-nofo-4-20-23.pdf>.

⁹ ENVTL. PROT. AGENCY, EPA-420-R-23-002, EPA CLEAN SCHOOL BUS PROGRAM, SECOND REPORT TO CONGRESS, FISCAL YEAR 2022 5 (Feb. 2023).

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 10.

¹³ Env'tl. Prot. Agency, *supra* note 8, at 10.

¹⁴ *Id.* at 1.

¹⁵ *Id.* at 4.

¹⁶ OFFICE OF THE INSPECTOR GEN., ENVTL. PROT. AGENCY, *About EPA Office of Inspector General*, <https://www.epaoig.gov/about-epas-office-inspector-general> (last visited Sept. 6, 2023).

¹⁷ Office of the Inspector Gen., Env'tl. Prot. Agency, Notification of Audit: The EPA's Clean School Bus Program, Project. No. OA-FY2023-0051, Feb. 27, 2023, *available at* https://www.epaoig.gov/sites/default/files/documents/2023-02/_epaoig_Notification%20of%20Audit%20-%20EPA%27s%20Clean%20School%20Bus%20Program.pdf.

C. Related Subcommittee Activity

On March 29, 2023, the Subcommittee on Oversight and Investigations held a hearing entitled, “Follow the Money: Oversight of President Biden’s Massive Spending Spree.”¹⁸ IGs for the Department of Commerce, Department of Energy, and EPA discussed risks associated with the large infusion of funding for their respective agencies under the IIJA and Inflation Reduction Act and shared updates on their efforts to identify and prevent waste, fraud, and abuse within those programs. EPA IG Sean O’Donnell expressed concern about the capacity of nonfederal recipients of IIJA funding. to manage funding effectively.¹⁹ He also warned that demand for electric school buses under the CSB Program could exceed supply and thus complicate proper expenditure of funding.²⁰

III. DISCUSSION

The hearing will provide an opportunity for Members to learn more about potential oversight challenges with the CSB Program and the EPA OIG’s related work. Testimony and discussion may include the following questions:

- What are the initial findings of the EPA OIG’s audit on this program?
- What practical barriers for execution of this program has the OIG identified for both funding applicants and the EPA?
- What additional work is the OIG performing in relation to both the CSB Program and other IIJA programs?
- What general impediments to effective management of financial awards has the OIG identified within the EPA?

IV. STAFF CONTACT

For questions regarding this hearing, please contact Christen Harsha of the Subcommittee on Oversight and Investigations staff at (202) 225-3641.

¹⁸ *Follow the Money: Oversight of President Biden’s Massive Spending Spree: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Energy and Commerce*, 118th Cong. (2023).

¹⁹ *Id.* (statement of Sean O’Donnell, Inspector General, Environmental Protection Agency).

²⁰ *Id.*