

# 2021 Diesel Emissions Reduction Act (DERA) School Bus Rebates: **Frequently Asked Questions**

Wednesday, November 3, 2021

The questions and answers below are provided to assist eligible organizations in applying for rebates for school bus replacements through the DERA School Bus Rebate program. **The sections listed in this FAQ reference the sections in the Program Guide.**

The Program Guide and other rebate information can be found at:  
[www.epa.gov/dera/rebates](http://www.epa.gov/dera/rebates)

## Section 1: Background

*Question:* How do the 2021 DERA School Bus Rebates differ from the new 2021 American Rescue Plan (ARP) Electric School Bus Rebates?

*Answer:* While the two programs are similar and run concurrently, they require separate application forms and differ significantly with regard to eligibility and several other details. The new 2021 ARP Electric School Bus Rebates exclusively fund the replacement of old diesel buses with new electric school buses for underserved school districts, tribal schools, and private fleets serving those schools. Please see the table at the [ARP Rebates website](#) which highlights key differences between the two programs.

## Section 2: Eligible Applicants

*Question:* Can an entity apply for both the 2021 DERA School Bus Rebates and the new 2021 ARP Electric School Bus Rebates?

*Answer:* Yes, eligible applicants can apply to both programs, but the eligibility for the ARP Rebates is significantly more restrictive per the [ARP Rebates website](#). Fleets eligible to apply to both programs cannot use funding from both programs on the same bus replacements.

*Question:* Can an entity who has received EPA funds in the past apply?

*Answer:* Yes, all eligible applicants with eligible buses may apply.

*Question:* Can we submit applications for more than one of our wholly owned subsidiaries?

*Answer:* No. The applicant may submit only one application on behalf of all subsidiaries, unless the fleet owned by the parent company has more than 101 buses in operation. Fleets with 101 or more buses in current operation may submit up to two applications.

*Question:* Are private schools eligible entities?

*Answer:* No. Private schools and other organizations that ~~operate~~ buses are not eligible to apply to this rebate program unless the school buses on the application serve, and are operated under a contract with, an eligible entity.

*Question:* Can we still apply if our school district leases buses from a transportation contractor?

*Answer:* No, eligible applicants must own the buses listed on the application. In this case, the transportation contractor is the eligible entity. Please see Section 2: Eligible Applicants of the Program Guide for additional information.

*Question:* Who is eligible to apply under this funding opportunity?  
*Answer:* Eligible applicants include regional, state or local agency, or port authority, or tribal government or native village, which has jurisdiction over transportation or air quality, including public school districts and municipalities. Private entities that operate school buses under a contract with an entity mentioned may also apply. If the applicant is a private entity, the applicant must certify on the rebate application that it has an existing and executed contract to provide transportation services to a specific public school district at the time of the rebate application.

*Question:* Is it possible for an applicant who submitted two applications due to fleet size to be awarded funding for only one of applications?  
*Answer:* Yes. Each application is entered separately in the lottery selection process.

*Question:* Are public charter schools eligible to apply for 2021 DERA School Bus Rebates?  
*Answer:* Yes, public charter schools that own school buses are eligible applicants.

*Question:* Are buses used for a Head Start program that are owned and operated by a federally recognized tribe eligible for the 2021 DERA School Bus Rebates?  
*Answer:* It depends. The tribe may be eligible to apply for the 2021 DERA School Bus Rebates if the proposed replacement bus will not be funded by other federal funds (e.g., Head Start grant funds).

*Question:* Are Bureau of Indian Education and Bureau of Indian Affairs schools eligible for the 2021 DERA School Bus Rebates?

*Answer:* Possibly. Federally recognized Indian tribal governments responsible for providing school bus transportation are eligible to apply for funding if they own the buses that will be replaced. Note: Buses owned by federal agencies (e.g., Bureau of Indian Affairs) are not eligible for replacement. Also, replacement buses in the DERA Electric School Bus Rebates cannot be funded by other federal funding sources (e.g., BIA).

**New** *Question:* Can a tribe apply for funding for a school district that resides on the reservation?  
*Answer:* The applicant must own and operate the old school bus for which funds are being requested. If the school district owns and operates the bus, then the school district would be the eligible applicant. For the purposes of prioritization in the selection process, Section 6 of the Program Guide states, "EPA will also ensure that at least one tribal applicant is selected for funding, if an application from a tribal entity is received." If the school district is a government agency under the operation of the tribal government, then the applicant should fill out the Applicant Organization Type as "Tribal Fleet" to ensure that EPA applies the appropriate prioritization to the application in the selection process.

### **Section 3: Eligible Vehicles**

*Question:* Do school buses have to be operable at the time of the funding request to be eligible?

*Answer:* Yes. Vehicles must be able to start, move in all directions, and have all operational parts to meet the eligibility requirements.

*Question:* Can school buses used to transport students from schools to other schools (e.g., athletics) qualify for rebates?

*Answer:* In the Program Guide, "a school bus is defined as a vehicle primarily used for transporting 10 or more preprimary, primary, or secondary school students to or from schools." Buses used primarily for transporting students from schools to other schools meet this definition and may be eligible for rebates. Please see Section 3 of the Program Guide for other vehicle eligibility requirements.

- Question:* We recently purchased a new bus. Can we get a rebate for this purchase?  
*Answer:* No, replacement bus purchases cannot be made until an official selection letter is received from EPA.
- Question:* Would we qualify for this rebate if we did a lease-purchase for the buses instead of purchasing them outright?  
*Answer:* No. Lease-purchases are not eligible for this funding opportunity.
- Question:* Are replacement buses eligible if they are financed rather than purchased outright?  
*Answer:* Leases and lease-purchases are not allowed, but applicants can use other financing options like a standard vehicle loan if the title to the new bus is under the applicant's name.
- Question:* Are applicants required to have a minimum fleet size to apply?  
*Answer:* No. Applicants with school bus fleet sizes between 1-100 buses may submit one rebate application that includes up to 10 eligible buses to be replaced. Applicants with over 100 school buses in their fleet can submit up to two rebate applications listing different buses.
- Question:* Our bus does not meet the 10,000-mile minimum requirement. Are there any waivers or exemptions that would allow us to apply?  
*Answer:* If the proposed bus to be replaced has not accumulated 10,000 miles over either the last 12 months or calendar year (Jan.-Dec.) 2019, it must instead have been in use at least four days per week on average transporting students between 9/1/2019 and 2/29/2020 to be eligible.
- Question:* Are used replacement buses eligible if powered by 2017 or newer model year engines?  
*Answer:* Yes.
- Question:* Please identify engine model years eligible for replacement. Does the old bus need to be scrapped?  
*Answer:* Diesel school buses powered by a 2006 or older model year engine are eligible. The bus being replaced must be scrapped. Please see Section 3 of the 2021 Program Guide for additional vehicle eligibility requirements.
- Question:* What fuel types are eligible for the old bus listed for replacement and the replacement bus?  
*Answer:* Vehicles listed for replacement must be diesel school buses. Eligible replacement school buses may operate on diesel, gasoline, propane, natural gas, battery electric, or hydrogen electric.
- Question:* Can replacement buses be a vehicle class size larger than the original school bus?  
*Answer:* Replacement buses must operate in a similar manner and over similar routes as the bus being replaced but can be a different class size.
- Question:* Can a fleet receive rebate funding for a new bus purchase if they are not replacing an existing bus?  
*Answer:* No, funds cannot be used to purchase new buses without the replacement of old buses. Scrapping old buses is necessary to ensure that the older, dirty buses will not be put back on the road.
- Question:* Is a van or other vehicle eligible?  
*Answer:* Possibly. For the 2021 DERA School Bus Rebates, a school bus is defined as a vehicle primarily used for transporting 10 or more preprimary, primary, or secondary school students to or from schools. Eligible school buses must have a Gross Vehicle Weight Rating (GVWR) of 10,001 lbs or more.

*Question:* May we replace an old diesel Type C school bus with a Type A gasoline-powered school bus?

*Answer:* Yes. Replacement buses must operate in a similar manner and over similar routes as the bus being replaced, but can be a different class size.

*Question:* Our buses meet the eligibility criteria of being in use four days per week between September 1, 2019 and February 29, 2020. Is there a specific form we should fill out to confirm we meet this criteria vs. the 10,000 mile option?

*Answer:* Please use the second checkbox on the application to certify vehicles have been in use at least four days per week on average transporting students between 9/1/2019 and 2/29/2020. You must still record the miles traveled for each vehicle in the table on the application.

#### **Section 4: Funding Amounts**

*Question:* How much funding is available per bus?

*Answer:* The rebate funding amount is based on the fuel type of each replacement bus. EPA is offering \$20,000 for diesel and gasoline, \$25,000 for propane, \$30,000 for CNG/LNG, and \$65,000 for battery or hydrogen electric replacement buses. Fleets can list up to 10 buses for replacement, but the total rebate amount is capped at \$300,000 per application.

*Question:* How will funding be affected if an applicant changes their mind about what fuel type the replacement buses will be?

*Answer:* Applicants should list the expected fuel type of the replacement buses to the best of their knowledge at the time of application. Due to the funding process, EPA cannot increase funding amounts beyond what an applicant lists on their application. But, EPA will reduce funding amounts if a fleet changes their mind and either (1) reduces the number of buses they will be replacing or (2) changes the replacement bus fuel type from what is listed on the application. For example, a fleet might apply to replace one old diesel bus with one propane bus for a rebate of \$25,000. If the fleet later decides to replace the old diesel bus with a new diesel bus, the rebate will be reduced to \$20,000.

*Question:* Is there a match requirement for 2021 DERA School Bus Rebates?

*Answer:* EPA will award \$20,000 - \$65,000 per bus depending on the fuel type of the replacement bus. Funds are only awarded after old buses are scrapped and new buses are purchased and received. In nearly all cases, these funds will not reimburse schools for the full purchase price of the replacement bus.

**New** *Question:* Can funds be used for indirect and administrator costs?

*Answer:* Rebate funds are awarded after the old bus is scrapped and the replacement bus is delivered. A fleet may choose to use the rebate funds to reimburse themselves for direct, indirect, or admin costs associated with the project.

#### **Section 5: Application**

*Question:* When is the deadline for submitting completed applications and supporting documentation?

*Answer:* Applications must be received by EPA before 4:00 pm Eastern Time on Friday, November 5, 2021.

*Question:* The application will not open when I click on it.  
*Answer:* Please right-click the application link and select “save link as” or “save target as” and save the PDF to your desktop. Then open the document using the free Adobe Acrobat Reader program. Please contact [DERA@epa.gov](mailto:DERA@epa.gov) if you continue having problems with the application.

*Question:* Does an applicant need both a DUNS number and an Employer Identification Number (EIN)?

*Answer:* Yes, both numbers are required. See Section 5 of the Program Guide for more information.

*Question:* We are having difficulty locating the EPA engine family name.

*Answer:* The EPA engine family name is a 12-character number/letter designation included on the engine nameplate for all heavy-duty truck engines sold in the United States. Please contact the engine manufacturer for assistance in obtaining the required engine-specific information.

*Question:* Are applicants required to submit vehicle titles?

*Answer:* Yes, a copy of each vehicle title and registration must be submitted as part of the application package to prove ownership. Applicants that are missing titles to vehicles can try contacting their state DMV offices for copies of the vehicle titles.

*Question:* We do not have bus registrations in our state. What do we do regarding the registration requirement?

*Answer:* If vehicle registration is not required by law in the state where the vehicle operates, the applicant must submit documentation that registration is not required in that jurisdiction. This might be as simple as including a link in the applicant’s email pointing to the state department of transportation web page that states that school bus registrations are not required in that state.

*Question:* How is the remaining life for vehicles determined?

*Answer:* Remaining life is the fleet owner’s estimate of the number of years until the bus would have been retired from service if the bus were not being scrapped because of the rebate funding. The remaining life estimate is the number of years of operation remaining, including if the unit were to be rebuilt or sold to another fleet. The remaining life estimate depends on the current age and condition of the vehicle at the time of scrappage, as well as things like usage, maintenance, and climate. Please provide your best estimate given the condition of the bus being replaced.

*Question:* What should we do if the engine manufacturer cannot help us obtain the EPA engine family name?

*Answer:* Please submit the application, titles, and registrations to [DERAREbates@EPA.gov](mailto:DERAREbates@EPA.gov) along with a brief explanation of your efforts to locate the engine family name. If selected in the lottery process, we may be able to assist you in confirming the engine family name.

**New** *Question:* Can both diesel and propane replacement buses be listed on the same application?  
*Answer:* Yes, you can list multiple Replacement Bus Fuel Types on the same application.

**New** *Question:* We are unable to digitally sign and submit the completed PDF application.  
*Answer:* You may run into errors trying to complete the application in your web browser. Please right-click the application link to save the PDF to your computer and then open in Adobe Acrobat Reader. If that fails, please sign a hardcopy of the application and email a scan to [DERAREbates@epa.gov](mailto:DERAREbates@epa.gov).

**New** *Question:* How do I determine the 12-digit engine family name?  
*Answer:* The EPA engine family name is usually found on the nameplate that is permanently affixed to the engine. The exact location and appearance of the nameplate varies by engine manufacturer. If the EPA engine family name does not appear on the engine or it is difficult to read, the manufacturer of your engine may be able to assist you in determining the engine family name. Some manufacturers also have online tools where their customers can enter engine serial numbers and determine the engine family name.

## Section 6: Selection

*Question:* When will the selection process take place?  
*Answer:* The application submission period closes on November 5, 2021, at 4:00 pm Eastern Time. Selection and eligibility verification will take place soon after. EPA anticipates announcing selections in January-February 2021.

*Question:* How will applications be prioritized and selected to receive funding?  
*Answer:* All eligible applications submitted to EPA by Friday, November 5, 2021 at 4:00 pm Eastern Time will be assigned a unique identification number and applicants will be selected by lottery via a random number generator. Please see Section 6: Selection of the Program Guide for additional information.

*Question:* What are the chances of being selected for funding?  
*Answer:* The chance of being selected will depend on the number of applicants applying for funds and the amount of funds available. In recent years with similar funding levels, the chance of being selected has varied between roughly 1 in 3 and 1 in 4, but it may be different in 2021.

*Question:* Is rebate funding contingent on Buy American qualifications?  
*Answer:* No. The Buy American requirements do not apply to DERA rebates.

*Question:* Is the DERA School Bus Rebate program lottery an "all or none" process? For example, could an application for 8 bus replacements receive partial funding for half of those buses?  
*Answer:* Typically, funding is awarded in full or not at all. However, there could be an exception if the program has limited funding remaining. In that scenario, EPA could award partial funding for an application.

*Question:* Will applicants be notified if they are not selected for funding?  
*Answer:* Yes, applicants will be informed via email when the selection lists and waitlists are posted to the DERA website.

## Section 7: Notification

*Question:* How will I know if my application has been selected?  
*Answer:* Selected applicants will be notified by email with a PDF selection letter. See Section 7: Notification of the Program Guide for additional information.

*Question:* How soon after the program closes will the results be posted on EPA's website?  
*Answer:* EPA anticipates selections will be made in January-February 2021. Results will be posted at [www.epa.gov/dera/awarded-dera-rebates](http://www.epa.gov/dera/awarded-dera-rebates).

## Section 8: Purchase Order Submittal

*Question:* When must new buses be purchased?  
*Answer:* New buses must be purchased within 90 days of the date of the selection letter, but not before the date on the selection letter. Please see Section 8: Purchase Order Submittal of the Program Guide for additional information.

*Question:* How can we participate if we cannot order buses until a bid has been requested?  
*Answer:* The purchase order cannot pre-date the date of the selection letter, but you may enter into the bidding process prior to receiving the selection letter.

*Question:* If we are selected to receive a rebate and, prior to submitting a purchase order, we determine that we are unable to make the purchase, can we withdraw our application?  
*Answer:* Yes. A selectee may opt out at any time, but we recommend that fleets only apply if they think it is very likely that they will use the funds.

*Question:* If we apply for ten buses and later determine we can only afford two, will all rebate funds be declined?

*Answer:* No. Selectees may reduce the number of buses from what they list on the application. However, additional buses may not be added. EPA encourages applicants to list the number of buses they believe they can afford.

*Question:* Can a school district request an extension on the purchase order deadline if they are awaiting confirmation from the school board on the budget?

*Answer:* Yes. Fleets can request extensions to the purchase order deadline. EPA will review these requests on a case-by-case basis and may grant extensions if sufficient justification is provided.

## **Section 9: Vehicle Delivery**

*Question:* What will happen if orders for the new replacement buses are delayed past the deadline to receive reimbursement?

*Answer:* Applicants are encouraged to coordinate with vendors to ensure timely delivery of replacement vehicles. EPA will consider specific situations, such as delivery delays, on a case-by-case basis.

## **Section 10: Scrappage**

*Question:* How do we drill the 3-inch hole in the engine block?

*Answer:* Past selectees have successfully cut the 3-inch hole using a 3-inch metal hole saw bit on a power drill or using a torch.

*Question:* Who should scrap the bus?

*Answer:* Scrappage may be completed by the selectee or by a scrap yard or similar service. All scrappage requirements must be met. Please see Section 10: Scrappage of the Program Guide for additional information.

*Question:* The EPA engine plate is gone so we cannot take a picture of it for scrappage. Does this disqualify us from funding?

*Answer:* A missing engine nameplate or tag does not necessarily disqualify a bus from being eligible. When emailing your application to EPA, please point out in the email that the engine nameplate is missing. You will likely need to reach out to the bus or engine manufacturer to confirm the engine model year and the 12-character EPA engine family name.

**New** *Question:* If we have the ability to break the engine block in half rather than cut a 3-inch hole, would this be considered sufficient scrappage?

*Answer:* EPA can allow alternative scrappage procedures that result in a disabled chassis and engine on a case-by-case basis. Fleets selected for funding must request and receive prior approval from EPA before proceeding with alternative scrappage procedures.

## Section 11: Request for Payment

## Section 12: Payment

*Question:* How long will it take to receive payment after we submit the final documents?

*Answer:* Once EPA has received and approved the payment request and supporting documentation, payment will be issued in about a month via electronic funds transfer. Please see Section 12: Payment of the Program Guide for additional information.

## Appendix I: Terms and Conditions

*Question:* Are applicants disqualified from taking grant program money from other state or local programs for buses that are replaced as a part of this program?

*Answer:* No other federal funds or Volkswagen (VW) Environmental Mitigation Trust funds can be used on the same bus replacement project as 2021 DERA School Bus Rebate funds. Fleets can use external non-federal and non-VW funding sources as part of their bus replacement project, but must confirm with the source of those funds that they are not pass-through federal or VW Trust funds.

The total of 2021 DERA School Bus Rebate funds and other eligible external funds cannot exceed the cost of the new buses and, for electric bus replacements, the cost of charging equipment/infrastructure for those buses.

*Question:* If awarded a rebate, is it considered taxable income to our company?

*Answer:* It is the recipient's responsibility to report income in accordance with any/all applicable state, local, or federal tax requirements.

*Question:* If applicants are selected for funding, will it impair their status with other DERA grant funding?

*Answer:* No, but awardees cannot combine funds from separate DERA awards on the same projects.