The Inflation Reduction Act for Higher Education and K-12
Presented by Tansy Massey-Green
America Is All In coalition
Historic Level of Federal Investment

Source: RMI, Congress’s Triple Whammy: Innovation, Investment and Industrial Policy
The inflation Reduction Act does about two-thirds of the remaining work needed to close the gap between current policy and the nation’s 2030 climate goal. By driving down the cost of adopting clean energy and other climate solutions across the nation, the Act also makes it easier for executive agencies, state and local governments, and private sector leaders to increase their ambitions and help close the remaining 0.5 billion ton gap left. These dynamic effects of the bill on future climate action are not captured in this modeling.
This goes far beyond tax credit extensions. Old tax credits are more lucrative, have new requirements, and increased eligibility. This also creates NEW tax credits and grant programs that result in clean energy investment at a scale never before seen.

The investments in the IRA make clean solutions cheaper than existing fossil systems.
What is included in the IRA?

The Inflation Reduction Act includes several mechanisms that institutions of higher education can leverage to take climate action, including:

1. Tax Credits and Deductions
2. Grant Opportunities
3. Financing Opportunities
The suite of buildings rebates and incentives supports beneficial electrification and efficiency, with a special focus on low-income households through higher rebates and carve outs.

179D: no direct pay, but it maintains the provision to allocate the deduction for public projects (city, state, etc.) to the project designer, and expands this allocation option to be used for tribal government projects and projects by nonprofit (e.g. tax-exempt) entities, meaning that a health system that is building or retrofitting a hospital or other medical building space can pass on the deduction to the developer.

**Tax Credits and Deductions**

As tax-exempt entities, higher ed and K-12 will be eligible for direct pay for:

- **Tax Credits for Clean Energy**
  - Investment Tax Credit (48)
  - Production Tax Credit (45)
- **Tax Credits for Clean Transportation**
  - Qualified Commercial Clean Vehicles (45W)
  - Alternative Fuel Refueling Property Credit (30C)
  - Rural OR low-income communities only

*Additionally, the Energy Efficient Commercial Buildings Deduction (179D) can support energy efficiency measures in buildings. Institutions can access this benefit by receiving a project cost reduction from the design team who will claim the deduction*
Grant Opportunities – direct access

Clean Transportation
- Clean Heavy-Duty Vehicles (K-12)
- Clean School Bus Program (K-12)

Addressing Pollution
- Funding to Address Air Pollution at Schools (K-12)

Buildings
- Renew America’s Nonprofits
- Renew America’s Schools Program (K-12)
Grant Opportunities – direct access (cont.)

**Workforce Development**
- The Building Training and Assessment Centers Program under the Industrial Assessment Center
- Career Skills Training grant program

**Community Development**
- Forest Service Urban and Community Forestry Program
Grant Opportunities – partnership access

Grants for Climate Work in Communities

• Environmental and Climate Justice Block Grants
• Investing in Coastal Communities and Climate Resilience
• Neighborhood Access and Equity Grants

Workforce Development

• State-Based Home Energy Efficiency Contractor Training Grants
• Energy Auditor Training grant programs
Financing Opportunities

The IRA includes $27 billion for the **Greenhouse Gas Reduction Fund**. This money will be distributed to non-profit green banks and states, local governments and Tribal Nations. Some of the funding will go towards zero-emission technologies, some for community projects that reduce GHG emissions, and some to establish green banks. $15 billion of the funds is reserved for low-income and disadvantaged communities.

$20 billion will go towards 2-15 non-profit green banks and $7 billion will go towards 60 states, Tribal governments, local governments, and non-profit green banks.

The funding is for to provide financial and technical assistance to enable low-income and disadvantaged communities to deploy or benefit from zero-emission technologies.
Timeline

New and updated tax incentives are live

- Production Tax Credit (45)
- Investment Tax Credit (48)
- Qualified commercial clean vehicle (45W)
- Alternative Fuel Vehicle Refueling Property Credit (30C)
- Commercial buildings deduction (179D)

Building Training and Assessment Centers Program
- Concept paper due

Clean School Bus Program
- Applications due

Tax credits expire

- Spring 2023
- June 1, 2023
- August 22, 2023
- TBD

Guidance to be released
- Direct Pay
- Clean energy investment and production tax credit
- Applying for direct investment via GHG Reduction Fund

Grants expected to be posted
- Renew America’s Nonprofits
- Career Skills Training program
- Neighborhood Access and Equity Grants

Urban & Community Forestry Grants
- Application Due

RMI - Energy, Transformed.
Details on Programs Relevant for Higher Ed and K-12
Tax Credits and Deductions
In 2025, ITC and PTC becomes tech neutral meaning any zero emission technology can qualify.
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Source:
### Section 48 (ITC) Approved Technologies

- **Ground Source Heat Pumps**
- Solar Photovoltaics
- Solar Thermal
- Battery Energy Storage System (BESS)
- Wind Energy
- Fuel Cells
- Microturbines
- Thermal Energy Storage
- Combined Heat & Power
- Biogas
- Waste to Energy
- Dynamic Glazing
- Microgrid Technology
- Geothermal Energy
- Fiber Optic Solar

*Source: CMTA*
Buckley Elementary Renovation – Manchester, CT

Source: CMTA

$12,000,643

Years: 0  Year 1  Year 2  Year 3  Year 4  Year 5  Year 6  Year 7  Year 8  Year 9  Year 10  Year 11  Year 12  Year 13  Year 14  Year 15  Year 16  Year 17  Year 18  Year 19  Year 20  Year 21  Year 22  Year 23  Year 24

$0  $2,000,000  $4,000,000  $6,000,000  $8,000,000  $10,000,000  $12,000,000  $14,000,000  $16,000,000  $18,000,000  $20,000,000

- Code Minimum
New Report by RMI and UndauntedK12

https://www.undauntedk12.org/hvac-rmi
Qualified Commercial Clean Vehicles (45W)

- 15% for hybrids and 30% for electric vehicles or the incremental cost increase for new vehicles compared to a comparable vehicle. The lesser of each calculation is the vehicle credit.
- Credit maximum limit
  - $7,500 for vehicles under 14,000 pounds
  - $40,000 for vehicles over 14,000 pounds (medium, heavy duty)
- Final assembly must occur within North America as described in the 30D Clean Vehicle Credit
  - Does NOT have the same battery and critical mineral requirements as personal EV requirements

* Direct pay for non-profits

(the amount equal to the excess of the purchase price of the clean vehicle over the price of a comparable vehicle powered solely by gasoline or diesel).
Alternative Fuel Refueling Property Credit (30C)

- Tax credit increased to 30% of the cost of the charger, max $100,000 per charger, to install alternative fuel (EV) charging
  - Eligible entities must be in low-income or non-urban areas
  - Must have prevailing wage and apprenticeship requirements to get the full 30%
- Extended through 2032
- 30% applied to qualified properties placed in service after December 31, 2022, however the IRA is offering a credit amount of 6% to qualified properties placed into service after December 31, 2021

* Direct pay for non-profits
Energy efficient commercial buildings deduction

Doesn’t meet prevailing wage/apprenticeship requirement

- $0.50/SF Base (25% reduction in site energy use intensity)
- $0.02/SF for each % additional reduction in site energy use intensity
- $1.00/SF Max

Does meet prevailing wage/apprenticeship requirement

- $2.50/SF Base (25% reduction in site energy use intensity)
- $0.1/SF for each % additional reduction in site energy use intensity
- Max $5/SF

For tax-exempt entities, building owners can allow designers to use tax deduction instead, lowering overall cost of project.

RMI – Energy Transformed.

Good for 10 yrs
Big Takeaway: Direct Pay

Previously, tax exempt-entities did not qualify for tax credit incentives. Now, that has changed! How to receive direct pay is TBD.

We should be getting guidance from Treasury this summer.
Grant Opportunities
Direct Access
Clean Heavy-Duty Vehicles (K-12)

Competitive grant to assist in the replacement of Class 6 and Class 7 vehicles (which includes school buses) to electric. Funding can be used for:
1. The incremental cost of replacing the school bus
2. Purchasing, installing and maintaining charging equipment
3. Workforce development
4. Planning and technical assistance

Request for Information due June 5, 2023

https://www.epa.gov/inflation-reduction-act/clean-heavy-duty-vehicle-program
Clean School Bus Program (K-12)

$400 million in competitive funding to fund replacing existing school buses with clean and zero-emission school buses

Applications Due August 22, 2023

https://www.epa.gov/cleanschoolbus/clean-school-bus-program-grants
Funding to Address Air Pollution at Schools (K-12)

Competitive grant to monitor and reduce greenhouse gas emissions and other air pollutants at schools in low-income and disadvantaged communities (as defined by Clean Air Act)

Funding will be announced in Fall 2023
Renew America’s Nonprofits

Grant funds will support the installation of materials to reduce energy or fuel use in buildings owned and operated by 501(c)(3) nonprofits.

Application expected to open soon

https://www.energy.gov/scep/renew-americas-nonprofits
Renew America’s Schools Program (K-12)

$500 million in competitive funding focused on infrastructure upgrades at K–12 public school facilities, prioritizing high-need school communities.

Applications closed April 21, next round of funding in FY24

https://www.energy.gov/scep/renew-americas-schools#energy
The Building Training and Assessment Centers Program under the Industrial Assessment Center

$10 million in competitive funding for Institutions of Higher Education to educate and train students and building performance professionals to deploy modern building technologies to small businesses and K-12 schools

Concept paper due May 25, 2023

Career Skills Training grant program

$10 million in competitive grants for non-profit partnerships that certify students through classroom learning and on-the-job training to install energy efficient buildings technology

Application expected to open soon

https://www.energy.gov/scep/career-skills-training-program
Forest Service Urban and Community Forestry Program

$1 billion available in competitive grants to increase access to urban tree canopy and increase community engagement in the process; improve urban forests' resilience to climate change and pests

Application due June 1, 2023
Grant Opportunities
Partnership Access
Environmental and Climate Justice Block Grants

The $3 billion in grants will provide direct funding to community-based nonprofit organizations within disadvantaged communities to support these communities in combating the climate crisis. The program grants can be used for five different types of projects:

1. Community-led pollution monitoring, prevention and remediation
2. Increased engagement of disadvantaged communities
3. Mitigation of climate and health risks
4. Climate resilience and adaptation
5. Reduction of indoor toxics and indoor air pollution

Application information will be posted in Summer 2023

Investing in Coastal Communities and Climate Resilience

$2.6 billion to the National Oceanic and Atmospheric Administration (NOAA) to provide direct funding, grants, cooperative agreements, and technical assistance to coastal states, Tribal Governments, local governments, NGOs and more, to protect and restore coastal and marine habitats, as well prepare for extreme storms.

Application information TBD
Neighborhood Access and Equity Grants

Competitive grants to support neighborhood equity, safety and affordable transportation access. Higher Ed must partner with states, local governments, Tribal Nations, or special entities to support transportation planning projects that improve equity and pollution.

*Application information soon to be announced*
State-Based Home Energy Efficiency Contractor Training Grants

$200 million in formula grants for states to (a) reduce the cost of training for contractors (b) provide testing and certification of contractors trained or (c) partner with nonprofit organizations (like universities) to develop and implement a state training program

Funding available until 9/30/2031
$40 million in competitive grants for states to cover energy auditor training directly or for a third-party training program

*Application expected to open soon*
Financing Opportunities
Greenhouse Gas Reduction Fund

- $27 billion to facilitate the rapid deployment of low- and zero-emissions technologies through innovative financing
  - $14 billion for the National Clean Investment fund (administered by nonprofits)
  - $6 billion Clean Communities Investment Accelerator (administered by nonprofits)
  - $7 billion for Solar for All — funding to expand the number of low-income and disadvantaged communities that are primed for investment in residential and community solar (administered by state/local/Tribal govt’s and nonprofits)
- Funding will flow to the recipients listed above, who then provide:
  - “Direct investment” in low- and zero-emissions projects
  - “Indirect investment” to state and local green banks

The $14 billion National Clean Investment Fund: to deliver financing at scale to businesses, communities, community lenders, and others, catalyzing tens of thousands of clean technology projects to accelerate our progress towards energy independence and a net-zero economic future. •

The $6 billion Clean Communities Investment Accelerator: to ensure that households, small businesses, schools, and community institutions in low-income and disadvantaged communities have access to financing for cost-saving and pollution-reducing clean technology projects. •

The $7 billion Solar for All competition: to expand the number of low-income and disadvantaged communities that are primed for investment in residential and community solar—enabling millions of families to access affordable, resilient, and clean solar energy.
Greenhouse Gas Reduction Fund

“Direct investment” can include:

- **A wide range of financing tools**, including low- or zero-interest loans
- **A wide range of projects**, as long as they reduce or avoid GHG emissions
- Individual (i.e., household) projects, community-scale projects, aggregated projects, and so on; **recipients have broad flexibility in the types of projects they finance**

$20bn (4-10 awards)
$7bn (1-20 awards)
Nonprofit financing entities
State, local, Tribal gov't; nonprofit financing entities

Stay up to date!

Check out our federal funding hub with resources and funding deadlines and subscribe to our email list for funding opportunity news:

[link to funding hub]

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