

State Announces New Spending Plan After Volkswagen Settlement

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SPRINGFIELD — The State of Illinois is announcing a new funding opportunity and unveiling an updated plan to spend its share of the multi-billion-dollar federal Volkswagen (VW) Settlement. Illinois is seeking applicants for \$9 million in funding to electrify school buses in the Chicagoland area and Metro-East. Illinois is also proposing to revamp its VW Beneficiary Mitigation Plan (BMP) to award funds to replace old diesel engines with all-electric school bus, public transit, and infrastructure projects to reduce nitrogen oxide (NOx) emissions from mobile sources in the areas of Illinois that disproportionately bear the impacts of climate change.

“This is a critical step forward in protecting our environment and building a greener transportation sector in Illinois,” **said Governor JB Pritzker**. “The VW Settlement provides Illinois with a tremendous opportunity to lead the nation in clean transportation, furthering my administration’s ongoing commitment to address the impacts of climate change in our communities.”

“This funding opportunity and revised BMP reflects Governor Pritzker and the Illinois EPA’s commitment to supporting growth of the electric vehicle market in Illinois,” **said Illinois EPA Director John Kim**. “Illinois EPA looks forward to continuing to administer the VW Settlement to provide environmental, public health, and economic benefits to the areas of Illinois that need it most.”

In addition to releasing a \$9 million round of electric school bus grants, IEPA plans to revise the plan to focus entirely on electric transportation options, accepting public comments on all-electric options through June 21, 2021.

“The Illinois Environmental Council welcomes the announcement from Governor Pritzker and the IEPA that they intend to revise the state's VW settlement spending plan after seeking public input. Despite the transportation sector being the leading source of carbon emissions in Illinois, the previous administration left Illinois with a plan that would have spent millions on outdated and dirty fossil fuel technologies. IEC looks forward to working with the Governor's Office, IEPA, and other stakeholders to craft a new plan that prioritizes transportation electrification,” **said Jen Walling, Illinois Environmental Council Executive Director**.

Revised VW Beneficiary Mitigation Plan

Of the State’s remaining \$88.6 million in VW funds, Illinois proposes to allocate:

- Up to 45%, or approximately \$39.9 million for all-electric public transit buses and public passenger/commuter locomotives;
- Up to 38%, or approximately \$33.6 million for all-electric school buses;

- Up to 15%, or approximately \$13.3 million for light-duty electric charging infrastructure; and
- Up to 2%, or approximately \$1.7 million for Illinois IEPA administrative costs.

The BMP will continue to focus funds in the three Priority Areas established within the State for funding opportunities: (1) the Chicago non-attainment area (Cook, DuPage, Kane, Lake, McHenry, and Will counties, and portions of Kendall and Grundy counties); (2) the Metro-East non-attainment area (Madison and St. Clair counties); and (3) Champaign, DeKalb, LaSalle, McLean, Peoria, Sangamon, and Winnebago counties. These three areas were most adversely impacted by the elevated NOx emissions due to the number of subject VW diesel vehicles registered in these areas.

The revised BMP is available on the Illinois EPA website at: <https://www2.illinois.gov/epa/topics/air-quality/driving-a-cleaner-illinois/vw-settlement/Pages/default.aspx>.

Illinois EPA will be accepting public comments on the revised BMP through 5:00 p.m. CT on June 21, 2021. Comments should be sent to EPA.VWSettlement@illinois.gov. Following the public comment period, Illinois EPA must submit the revised plan to the Volkswagen Settlement Trustee under the terms of the consent decree.

\$9 Million Electric School Bus VW Grants

Illinois EPA will release a \$9 million Notice of Funding Opportunity on May 10, 2021 for electric school buses in the Chicago and Metro-East non-attainment areas:

- Up to \$6.5 million for all-electric school buses in the Chicago metropolitan area; and
- Up to \$2.5 million for all-electric school buses in the Metro-East.

Government entities can receive grant funding for up to 75 percent of eligible costs for electric school buses and associated charging infrastructure. Private school bus companies that serve public schools are eligible under the government match requirement. Non-government entities are eligible for up to 50 percent of costs.

Potential applicants will be able to view the Notice of Funding Opportunity and all application materials on the Agency's [Driving a Cleaner Illinois](#) webpage on May 10, 2021. Applicants must pre-qualify under Grant Accountability and Transparency (GATA) prior to application submission. More information on GATA requirements is available on the [GATA webpage](#). Applications will be due August 10, 2021 by 5:00 p.m. CT. Questions regarding this funding opportunity may be directed to epa.vwgrants@illinois.gov.

The Volkswagen Settlement is the resolution of a U.S. Department of Justice investigation that found that Volkswagen violated the federal Clean Air Act by installing “defeat devices” in certain diesel vehicles to circumvent federal vehicle

emissions standards. Illinois EPA was designated as the lead agency to administer funds allocated to Illinois from the Volkswagen Environmental Mitigation Trust, the portion of the Settlement designated to states to mitigate the environmental impacts of Volkswagen's actions and improve air quality in the State, primarily by removing old diesel engines from service. Illinois EPA has previously awarded over \$19 million in Volkswagen Settlement funds for public transit projects in the Chicagoland area, and electric school bus projects in the Chicagoland and Metro East areas.

Illinois EPA's Volkswagen Settlement webpage contains additional information on the VW Settlement and the Driving a Cleaner Illinois Program: <https://www2.illinois.gov/epa/topics/air-quality/driving-a-cleaner-illinois/Pages/default.aspx>.