



GRETCHEN WHITMER  
GOVERNOR


STATE OF MICHIGAN  
DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY  
LANSING



PHILLIP D. ROOS  
DIRECTOR

VIA EMAIL

TO: Senate Appropriations Subcommittee on Environment, Great Lakes,  
and Energy Members  
House Appropriations Subcommittee on Environment, Great Lakes,  
and Energy Members  
Kathryn Summers, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
Jennifer Flood, Director, State Budget Office

FROM: Travis Boeskool, Deputy Director 

DATE: February 28, 2024

SUBJECT: Report on Fiscal Year 2023 Volkswagen Settlement Fund

In accordance with Section 901 of Article 4, Part 2, of 2022 PA 166, attached is the Department of Environment, Great Lakes, and Energy's (EGLE) report on the Volkswagen Settlement Fund for fiscal year 2023.

If you need further information, please contact Elizabeth M. Browne, Director, Materials Management Division, at 517-242-2746 or [BrowneE@Michigan.gov](mailto:BrowneE@Michigan.gov); or you may contact me at 517-614-6873.

Attachment

cc/att: Patti Tremblay, Director of Legislative Affairs, Governor's Office  
Marc Rehmann, Policy Director, Governor's Office  
Jonah Houtz, Senate Fiscal Agency  
Austin Scott, House Fiscal Agency  
Jacques McNeely, State Budget Office  
Zach Hendrix, State Budget Office  
Phillip D. Roos, Director, EGLE  
Aaron B. Keatley, Chief Deputy Director, EGLE  
James Clift, Deputy Director, EGLE  
Sydney Hart, Legislative Liaison, EGLE  
Paul McDonald, EGLE  
Dale Shaw, EGLE  
Elizabeth M. Browne, EGLE  
Julie Staveland, EGLE  
Jeff Spencer, EGLE  
Katherine Tetzlaff, EGLE  
Jake Wilkinson, EGLE



MICHIGAN DEPARTMENT OF  
ENVIRONMENT, GREAT LAKES, AND ENERGY

# Legislative Report

## Report on Volkswagen Settlement Fund

**Report Period:  
Fiscal Year 2023**

**Authority:  
Section 901 of Article 4, Part 2, of 2022 PA 166**

---

If you need this information in an alternate format, contact [EGLE-Accessibility@Michigan.gov](mailto:EGLE-Accessibility@Michigan.gov) or call 800-662-9278.

EGLE does not discriminate on the basis of race, sex, religion, age, national origin, color, marital status, disability, political beliefs, height, weight, genetic information, or sexual orientation in the administration of any of its programs or activities, and prohibits intimidation and retaliation, as required by applicable laws and regulations.

This document and its contents are subject to the Freedom of Information Act and may be released to the public.

## Volkswagen Settlement Fund Overview:

The State of Michigan was allocated \$64.8 million as part of the Volkswagen Settlement. The Department of Environment, Great Lakes, and Energy (EGLE) was designated as the lead agency and developed the Michigan Beneficiary Mitigation Plan that describes how the funds will be spent.

The goals of the Michigan Beneficiary Mitigation Plan are:

- Reduce oxides of nitrogen emissions and maximize air quality benefits statewide, with an emphasis on priority areas (areas that are designated as non-attainment and maintenance areas for the National Ambient Air Quality Standards).
- Reduce diesel emissions from school buses statewide.
- Increase adoption of zero emission vehicles (ZEV) and alternate fuel vehicles and equipment.

Michigan has up to ten years from October 2, 2017, to spend its allocation of State Trust Agreement funds, as specified in the Environmental Mitigation Trust Agreement for State Beneficiaries. Projects will be solicited through a competitive application process and funded on a reimbursement basis. More information regarding the Volkswagen Settlement and the allocation of funding in the Fuel Transformation Program can be found at the following link: [Fuel Transformation Program \(Michigan.gov\)](#).

Mitigation Action Plan		
Allocation	Amount	Percentage
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$19,442,104	30%
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$16,201,754	25%
Class 4-8 School Buses	\$13,961,403	21.5%
Light-duty ZEV Supply Equipment	\$9,721,052	15%
Program Administration	\$5,480,701	8.5%
Total Allocation	\$64,807,014	100%

Financial Summary			
Allocation	Obligated	VW Funds Expended	Total
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	\$6,485,533	\$589,527	\$7,075,059
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	\$5,240,596	\$0	\$5,240,596

Financial Summary			
Allocation	Obligated	VW Funds Expended	Total
Class 4-8 School Buses	\$462,979	\$12,409,881	\$12,872,861
Light-duty ZEV Supply Equipment	\$2,848,452	\$4,197,990	\$7,046,442
Program Administration	\$13,060	\$482,640	\$495,700
<b>Totals</b>	<b>\$15,050,620</b>	<b>\$17,680,038</b>	<b>\$32,730,658</b>

Project Summary	
Allocation	Status
Class 4-8: Local Freight Vehicles (Eligible Medium and Large Trucks and Port Drayage Trucks), Shuttle Buses, and Transit Buses	All three application rounds were closed. Grants were awarded to 16 applicants from Rounds 1, 2, and 3. A total of 52 vehicles will be replaced via these grants, and all projects are expected to be closed by 2025.
Freight Switchers, Great Lakes Ferries/Tugs, Shore Power, Port Cargo Handling Equipment and Forklifts, and Airport Ground Support Equipment	The Request for Proposals for Ferries/Tugs, Shore Power, and Freight Switchers closed on September 23, 2022. Grants were awarded to 2 applicants. One ferry boat will be converted from diesel to all electric. One shore power system will be installed. Both projects are expected to be closed in 2025. The Request for Proposals for Port Cargo Handling Equipment and Forklifts and for Airport Ground Support Equipment closed on November 1, 2023. Staff are currently reviewing applications.
Class 4-8 School Buses	Twenty-six projects were awarded grants to replace qualifying diesel school buses with new school buses. One project involves the replacement of 17 diesel school buses with new all-electric school buses. Twenty-five projects involve replacing 295 diesel school buses with new diesel and propane school buses. All 26 projects have been completed.
Light-duty ZEV Supply Equipment	One hundred four projects have been awarded grants to install 202 direct current (DC) fast charging stations and 17 Level 2 charging stations. One hundred sixty-two DC fast charging stations and 17 Level 2 charging stations are completed. The remaining 40 DC fast charging stations are expected to be completed by December 31, 2025.