The Infrastructure Investment and Jobs Act of 2021

Overview and Key Points for Mayors
by
Federal Department/Agency

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1. OVERVIEW

The Infrastructure Investment and Jobs Act (IIJA), passed with bipartisan support in both the House and Senate and recently signed by President Biden, will help prepare the Nation and our city/metro economies for the 21st Century.

The $1.2 trillion package, including $550 billion of new spending over multiple years, was strongly supported by The U.S. Conference of Mayors through its bipartisan ARPA and Infrastructure Campaign, co-chaired by Conference President Dayton Mayor Nan Whaley and Conference Trustee Oklahoma City Mayor David Holt, and a letter signed by over 370 mayors - including Republicans, Democrats and independents from all 50 states and the District of Columbia.

Up to this point, U.S. infrastructure investments had fallen woefully short of our global competitors. Our infrastructure was deteriorating at an unacceptable rate, and we were failing to provide new technologies, in areas such as high-speed internet and clean energy, to all our citizens. The Covid-19 pandemic exacerbated these inadequacies; particularly hard-hit have been low- and moderate-income residents and minority communities.

Mayors have called for major federal investments in the nation's infrastructure for years. The IIJA meets that call. The law includes new investments in roads and bridges ($110 billion), public transit ($39 billion), passenger rail ($66 billion), ports ($17 billion), airports ($25 billion), water systems ($55 billion), energy and power ($73 billion), and environmental remediation ($21 billion) - all essential for building a competitive, productive economy with good-paying jobs. These broad categories include funds for important Conference priorities such as electric charging stations ($7.5 billion), Brownfields ($1.5 billion), and the Energy Efficiency Conservation Block Grant ($550 million).

It is significant that the IIJA introduces equity into federal infrastructure decisions, with programs to promote environmental justice for communities that too often have borne the brunt of pollution and disinvestment; and major investments in programs targeting racial inequities that have existed in transportation and other infrastructure investments. The new legislation supports equity goals long shared by the Conference and mayors throughout the nation.

Mayors understand the magnitude and impact of the IIJA. U.S. city/metros are the engines of our nation's economy, accounting for over 90 percent of GDP and 88 percent of all jobs. Modern infrastructure is critical to city/metros' ability to ensure the nation's future economic growth, global competitiveness, and prosperity. With the IIJA, we will be better equipped to meet pressing challenges and achieve transformational changes.

Following are brief summaries of the law's key provisions impacting our cities.

2. DEPARTMENT OF TRANSPORTATION

The *Infrastructure Investment and Jobs Act* (IIJA) directs nearly half of the law's new spending to the U.S. Department of Transportation, allocating about $274 billion in formula and competitive grant funding to existing and new transportation programs.

The largest share of these new resources will funnel through existing programs, administered by the FAA, FHWA, or FTA, and allocated by formula to state department of transportation, airport operators, and transit providers.

While the IIJA law does establish new formula programs to address pressing transportation infrastructure needs, it also directs an unprecedented amount of discretionary funding – more than $100 billion – to the U.S. Transportation Secretary for a broad range of purposes, including discretionary funding for airport terminals, bridge improvements, EV charging infrastructure, passenger rail services, safe streets/roads, and low-emission buses, among other purposes.

With so many new initiatives, the following highlights selected formula funding commitments. For these programs, amounts are total guaranteed funding levels over five years (Fiscal Years 2022–2026).

Airport Capital Grants: $14.9 billion in new formula funding to the nation's airports for Airport Improvement Program or PFC eligible projects. (The AIP formula will not be used to allocate these new program funds; a new formula based on enplanements will allocate these resources.) New IIJA law also provides additional discretionary funds to U.S. DOT for these purposes.

Bridge Program: $27.5 billion in new formula funding to states for eligible bridge rehabilitation and replacement projects under a reinstated Bridge Program. (The previous Bridge Program – first enacted in 1978 – was eliminated under *MAP-21,* the 2012 surface transportation renewal law.) Also, 15 percent of each state's annual formula bridge funding is set-aside for improving "off-system" bridges, a change that will result in substantially more available federal funding for this infrastructure need. About four out of every five off-system bridges are owned by local governments. New IIJA law also provides additional discretionary funds to U.S. DOT for these purposes.

Carbon Reduction Program: $6.42 billion in new formula funding to the states and local areas for eligible surface transportation projects to reduce carbon use in the transportation sector, now the nation's largest sector for carbon emissions. This new program distributes funds annually to local areas – including direct formula allocations to MPO areas of 200,000 or more population – consistent with the Surface Transportation Block Grant Program. One key difference is the ratio of the local/state share which is 65/35, as compared to 55/45 under the STBG program.

EV Charging Infrastructure: $5 billion in new formula funding to the states for eligible projects to support alternative fuel corridors and a national network of electric vehicle charging infrastructure. New IIJA law also provides additional discretionary funds to U.S. DOT for these purposes.

Resilient Infrastructure: $7.3 billion in formula funding to the states for eligible projects under the *Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation* (PROTECT) Program to make the existing surface transportation system more resilient, including evacuation routes, coastal resilience and relocating infrastructure to reduce impacts from extreme weather/natural disasters. New IIJA law also provides additional discretionary funds to U.S. DOT for these purposes.

Surface Transportation Block Grants: $7.2 billion set aside from the STBG Program for the Transportation Alternatives Program represents a 70 percent increase in overall TA funding. In addition, the new law allocates a higher share of total TA funding to local areas (59 percent vs. 50 percent). These changes will translate into substantially more TA resources being allocated to MPOs and local areas. Also, MPOs serving areas under 200,000 people are now eligible for TA funding. For STBG funds more broadly, states are now required to allocate a share of STBG funds to the band of MPO areas of 50,000 – 199,999 in proportion to their population share.

Among the many new -- and modified existing – discretionary programs at U.S. DOT (and there are many excluded here), the following highlights some of these competitive grant programs where the funding levels are guaranteed in the IIJA law. The amounts below are the guaranteed funding levels over five years (Fiscal Years 2022-2026).

Airport Terminal Program: $5 billion to U.S. DOT (FAA) for competitive grants to the nation's airports for terminal projects that address their aging infrastructure.

Bridge Investment Program: $12.5 billion to U.S. DOT (FHWA) for competitive grants to cities and others for eligible bridge rehabilitation and replacement projects under a reinstated Bridge Program.

EV Charging Infrastructure: $2.5 billion to U.S. DOT (FHWA) for competitive grants to cities and other eligible entities for qualifying infrastructure projects that invest in alternative fuel and electric vehicle charging infrastructure.

Infrastructure for Rebuilding America (INFRA): $8 billion in competitive grant funding to U.S. DOT (FHWA) for cities and other eligible entities for qualifying projects under the INFRA program, with the new law making numerous changes to the funding eligibilities, among other adjustments. (This $8 billion in guaranteed funding is substantially higher than the $4.5 billion provided under the FAST Act.)

Low- or No-Emission Buses: $5.6 billion to U.S. DOT (FTA) for competitive grants to transit providers to help transition to low- or zero-emission buses and to purchase fueling and maintenance infrastructure.

National Infrastructure Project Assistance: $5 billion to U.S. DOT (OST) for competitive grants to cities and other eligible entities for a variety of larger bridge, highway, freight, and passenger rail projects, among other eligibilities.

Partnership (Federal/State) for Intercity Passenger Rail: $36 billion to U.S. DOT (FRA) for competitive grants to states for a variety of purposes, including improving intercity passenger rail service performance, expanding or establishing new intercity passenger rail service, repairing and replacing infrastructure and equipment to bring it into a state of good repair, among other eligibilities

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Railroad Grade Crossings: $3 billion to U.S. DOT (FHWA) for competitive grants to cities and other eligible entities for highway-rail and pathway-rail grade crossing improvements. (These grants are on top of the $1.23 billion in formula grants to the states for these purposes.)

Rebuilding American Infrastructure with Sustainability and Equity (RAISE): $7.5 billion to U.S.DOT (OST) for competitive grants to cities and other eligible entities for qualifying projects that Secretary Buttigieg recently characterized as those that "improve infrastructure, strengthen supply chains, make us safer, advance equity, and combat climate change." (This $7.5 billion in guaranteed funding is substantially higher than the $5 billion awarded during the FAST Act renewal period.)

Reconnecting Communities Pilot: $1 billion to U.S. DOT (FHWA) for competitive grants to cities and other eligible entities to plan and ultimately construct projects that restore community connectivity by removing, retrofitting, or mitigating an existing eligible facility.

Resilient Infrastructure: $1.4 billion in competitive grant funding to U.S. DOT (FHWA) for cities and other eligible entities for qualifying projects under the *Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation* (PROTECT) Program.

Safe Streets and Roads for All: $5 billion to U.S. DOT (OST) for competitive grants to cities and other eligible entities to support development of a comprehensive safety action plan and to design and advance projects that implement such plans.

Strengthening Mobility and Revolutionizing Transportation (SMART): $500 million to U.S. DOT (OST) for grants to cities and other eligible entities to support projects that deploy technologies and other measures that improve system efficiency and safety. (The Smart City Challenge, awarded to the City of Columbus in 2016, was the inspiration for this new initiative.)

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3. ENVIRONMENTAL PROTECTION AGENCY

Drinking Water Act State Revolving Funds: $11.7 billion is provided for the Drinking Water State Revolving Fund (SRF), with $1.9 billion for Fiscal Year 2022, $2.2 billion for Fiscal Year 2023, $2.4 billion for Fiscal Year 2024, and $2.6 billion for Fiscal Years 2025 and 2026.

Lead Pipe Removal and Replacement: $15 billion is made available over 5 years for capitalization grants for the Drinking Water State Revolving Funds for lead service line replacement projects and associated activities directly connected to the identification, planning, design, and replacement of lead service lines. A total of $3 billion will be allocated each year for Fiscal Years 2022-2026. Please note that 49 percent of the money allocated each year will be to provide subsidy to eligible recipients in the form of assistance agreements with 100 percent forgiveness of principal or grants (or any combination of these); while the remaining percentage will be in the forms of loans that must be paid back.

Drinking Water Act SRF for Emerging Contaminants Including PFAS and PFOA: $4 billion will be available to the States for capitalization grants for the Drinking Water State Revolving with $800 million allocated each year for Fiscal Years 2022-2026. Funds will be provided to eligible recipients as loans with 100 percent forgiveness of principal or grants (or a combination of these) and the funds will not be subject to the matching or cost share requirements.

Emerging Contaminants in Disadvantaged Communities in the Drinking Water Act: $5 billion is provided for grants to address emerging contaminants ($1 billion annually for Fiscal Years 2022-2026).

Clean Water Act State Revolving Fund: $11.7 billion will be provided over 5 years for the Clean Water State Revolving Fund (SRF). Funds will be available as follows: $1.9 billion for Fiscal Year 2022, $2.2 billion for Fiscal Year 2023, $2.4 billion for Fiscal Year 2024, and $2.6 for Fiscal Years 2025 and 2026. In addition, forty-nine percent of the funds made available to each capitalization grant must be used by the State to provide subsidies to eligible recipients in the form of assistance agreements with 100 percent forgiveness of principal or grants (or any combination of these).

Clean Water Act Money for Emerging Contaminants: $1 billion will be made available to States to address emerging water contaminants with $100 million for Fiscal Year 2022; and $225 million for Fiscal Years 2023-2026.

Sewer Overflow and Stormwater Reuse Municipal Grants: $1.4 billion ($280 million for Fiscal Year 2023-2026) will be provided for Sewer Overflow and Stormwater Reuse Municipal Grant Program. Grants may be used for the planning, construction and design of treatment works for municipal combined sewer overflows, sanitary sewer overflows, or stormwater, and any measures to manage, reduce, or recapture stormwater or subsurface drainage, 25 percent set-aside for projects in rural or financially distressed communities

Water Infrastructure Financial Investment Assistance (WIFIA): $75 million is provided with $64 million for the cost of direct loans to repair dams and $11 million for administrative expenses. This is a loan and loan guarantee program that is also used for municipal water and sewer infrastructure investment.

Superfund: $3.5 billion will be provided to clean up Superfund sites. Funds are to remain available until expended.

Brownfields: $1.5 billion is made available, with $300 million allocated annually for Fiscal Years 2022-2026. $1.2 billion is to be used for the following: cleanup/remediation grants (not to exceed $5 million/grant); multipurpose grants (not to exceed $10 million/grant); site characterization and assessments (not to exceed $10 million/grant); capitalization of revolving loan funds (not to exceed $10 million/grant); and job training (not to exceed $1 million/grant). There are no cost share requirements.

Solid Waste and Recycling: $75 million ($15 million/year for Fiscal Years 2022-2026) for recycling education programs that will be awarded on a competitive basis.

Electric and Reduced Carbon Buses: $5 billion will be made available for decarbonizing the nation's school bus fleet ($1 billion annually for Fiscal Years 2022-2026).

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4. DEPARTMENT OF ENERGY

The Department of Energy received over $38 billion in funding for energy programs. Cities have special interest in the Energy Efficiency and Renewable Energy programs which received $16.2 billion in funding. The key program categories are listed below.

Energy Efficiency and Conservation Block Grant Program (EECBG): $550 million will be provided for Fiscal Year 2022. 49 percent of the funds will be grants to states for allocation to units of local government; and 49 percent will be grants allocated directly to cities by allocation formula. The EECBG authorizing language created one of the most effective federal programs to localize funding for a variety of clean energy and efficiency strategies.

The Use of Funds section is amended by expanding eligible uses to include: programs for financing energy efficiency, renewable energy, zero-emission transportation (and charging infrastructure), capital investments, projects, and programs, which may include loan programs and performance contracting programs, for leveraging of additional public and private sector funds, and programs that allow rebates, grants, or other incentives for the purchase and installation of energy efficiency, renewable energy, and zero-emission transportation (and associated infrastructure) measures.

Weatherization Grants: $3.5 billion will be available for Fiscal Year 2022. Grants to States and pass through Community Action Agencies established under the Economic Opportunity Act of 1964, and units of general purpose local government, should be encouraged, with Federal financial and technical assistance, to develop and support coordinated weatherization programs designed to alleviate the adverse effects of energy costs on such low-income persons.

Energy Efficiency Revolving Loan Fund Capitalization Grant Program: $250 million is provided for Fiscal Year 2022 in loans for residential and commercial energy efficiency projects. 40 percent of the funds will go to the states with energy programs according to existing allocation formulas. The remaining sixty percent of funds are to be distributed to states seeking grants. States have the lead role in getting and administering the grants and grant programs. The maximum amount of state grants is $15 million. Grants received under this Title will supplement rather than supplant existing grants. States identified by the Energy Information Administration (EIA) have needs-based priority to the loan funds. States are required to begin using funds within 180 days of receiving a capitalization grant. Commercial buildings are eligible for loans under the program. Funds may be used for energy audits in residential and commercial buildings. Funds may also be used for residential and commercial energy upgrades and retrofits. Loan recipients are prioritized; and states are urged to provide loans to recipients that do not have access to capital. Up to 25 percent of the grant funds can be used by states to provide a grant or technical assistance.

Energy Auditor Training Grant Program: Authorizes $40 million in grants to states for Fiscal Years 2022-2026 for a competitive grant program to eligible States to train individuals to conduct energy audits or surveys of commercial and residential buildings. Grants shall not exceed $2,000,000 for any eligible state. Funds may be used for individual training and certification.

Grants for Energy Efficiency Improvements and Renewable Energy Improvements at Public School Facilities: $500 million is provided for Fiscal Years 2022-2026 to educational agencies (schools) and nonprofit and for-profit organizations that have the knowledge and capacity to partner and assist with energy improvements. Energy Improvement includes any improvement, repair, or renovation to a school that results in a direct reduction in school energy costs, including improvements to the envelope, air conditioning system, ventilation system, heating system, domestic hot water heating system, compressed air system, distribution system, lighting system, power system, and controls of a building.

Renewable Energy Generation and Storage Technology: Some of the $16.2 billion allotted for Energy Efficiency and Renewable Energy is focused on key renewable energy generation and storage technology programs.

Battery Storage: $6 billion is allotted in $1.2 billion a year for Fiscal Years 2022-2026 to develop production, use and recycling of energy storage technology. Grants up to $50 million that can augment private investment to re-purpose aging industry in communities and develop workforce capabilities to become part of the domestic clean energy supply chain.

Nuclear Energy: $6 billion is allotted in $1.2 billion a year for Fiscal Years 2022-2026, under the Civil nuclear credit program – the owner or operator of a certified nuclear reactor that is projected to cease operations due to economic factors can apply for monetary credit.

Solar Energy: $80 million is provided for the Solar Energy Technology Program. DOE to award competitive grants to carry out research, development, demonstration, and commercialization activities.

Wind Energy: $100 million is made available to improve the energy efficiency, cost effectiveness, reliability, resilience, security, siting, integration, manufacturability, installation, decommissioning, and recyclability of wind energy technologies.

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5. DEPARTMENT OF COMMERCE

Broadband: The Department of Commerce received a substantial share of the roughly $65 billion in new resources that the *Infrastructure Investment and Jobs Act* (IIJA) allocated for the expansion of broadband infrastructure and services throughout the nation.

Nearly all of the new funding provided to the Commerce Department – specifically, the $42.45 billion in *Broadband Equity, Access and Deployment Grants* – is targeted to geographic areas (not specific groups of people) within states, areas that the law defines as "unserved" or "underserved" by broadband infrastructure/service providers. Notably, these formula grant funds to the states will remain available until expended.

The law directs states to give first priority to "unserved locations" in allocating these funds. After serving such areas, states must then give priority to "underserved areas" (i.e., local areas with broadband speeds below levels set in the law). After all these areas are served, only then can states direct any remaining funds to "Community Anchor Institutions" (e.g., schools, libraries or public housing organization) where such entities within cities and elsewhere are eligible to receive funding from their states to support local efforts to address affordability/accessibility challenges, not just insufficient infrastructure.

Another $2.75 billion over five years will be awarded by NTIA to states, as either formula and competitive grants, to develop and implement State Digital Equity Plans to serve target groups (e.g., elderly, veterans, racial or ethnic minorities). Finally, NTIA will allocate a total of $1 billion over five years in competitive grants under its *Middle Mile Grant Program*; this is the only program where a city meeting certain program eligibilities – most likely those in less urbanized areas – can apply for direct grant funding. Beyond this $1 billion grant program, there are opportunities for local governments in the other Commerce Department programs just described, but only if the department's rules and those of the recipient states make urban areas eligible for funding.

In addition to these Department of Commerce-administered initiatives, there are two other notable opportunities that will address city broadband concerns/initiatives more directly. One involves the Treasury Department and its upcoming rules governing the eligible uses of *American Recovery Program* funds in support of city-led broadband efforts. The other is the *Affordable Connectivity Benefit* where the IIJA law directed an additional $14.2 billion to the Federal Communications Commission to refashion its COVID-initiated *Emergency Broadband Benefit*. (The FCC has already requested public comments, which are due December 8, on numerous proposed changes, including reduced monthly subsidies to qualifying households/individuals. Mayors in the past have urged the FCC to recognize and make eligible funding support for city-sponsored programs.)

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6. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Low Income Home Energy Assistance: The Act provides $500 million in additional funding, $100 million/year for Fiscal Years 2022-2026, with all the funds remaining available through September 30, 2026. Funds for this program are allotted to the states and administered by them directly or through local agencies to provide energy assistance to eligible households.

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7. DEPARTMENT OF HOMELAND SECURITY/FEMA

Flood Mitigation Assistance: The Act provides $3.5 billion in Flood Mitigation Assistance grants over five years, $700 million per year, for Fiscal Years 2022-2026. This grant program provides funding to protect life and property from future natural disasters to states, local governments, tribes and territories so that they can reduce or eliminate claims under the National Flood Insurance Program.

Building Resilient Infrastructure and Communities: The Act provides $1 billion over five years for grants to states, local governments, tribes and territories for hazard mitigation projects to reduce the risks they face from disasters and natural hazards.

Dam Safety: The Act provides $733 million over five years for grants to states and territories to enhance dam safety and rehabilitate or remove aging dams.

Safeguarding Tomorrow Through Ongoing Risk Mitigation (STORM) Act: The Act provides $500 million to the STORM Act, $100 million per year for five years, for this new FEMA grant program that was signed into law earlier this year. It can be used to finance water, wastewater, infrastructure, disaster recovery, community and small business development projects.

State and Local Cybersecurity Grant Program: The Act provides $1 billion over the next four years for a new State and Local Cybersecurity Grant Program - $200 million in Fiscal Year 2022, $400 million in Fiscal Year 2023, $300 million in Fiscal Year 2024 and $100 million in Fiscal Year 2025. The funds are to be used to address cybersecurity risks and threats to information systems owned or operated by, or on behalf of, state, local, or tribal governments. Generally, funds will go to states, which, consistent with their Cybersecurity Plan, must obligate at least 80 percent of the funds to local governments within 45 days.

The Act calls for the program to be a partnership between FEMA (Federal Emergency Management Agency) and CISA (Cybersecurity and Infrastructure Security Agency). The funds are appropriated to FEMA, which will administer the grants; CISA will serve as a subject matter expert and be responsible for approving the required cybersecurity plan and other program elements.

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8. EDUCATION/WORKFORCE DEVELOPMENT COMPONENTS

The biggest education/workforce development impact in the Infrastructure Investment and Jobs Act (IIJA) is the $2.75 billion in new grant funding under the Digital Equity Act targeted toward a diverse array of projects at the state and local level that promote digital equity.

A total of $1.5 billion in federal funding to close the digital divide, promote digital literacy training, support access to technology, and enhance digital inclusion measures will be awarded by the Assistant Secretary of Commerce for Communications and Information from Fiscal Years 2022-2026. These grants may be awarded to a local education agency, workforce development entity, foundation, non-profit entity and/or a partnership between any of the described entities or an entity that the Assistant Secretary deems to be in the public interest.

The legislation also includes over $1 billion in occupational-specific skills training grants to create or expand workforce development programs at the Department of Transportation (DOT), Department of Energy (DOE) and Environmental Protection Agency (EPA). These investments are critical to preparing workers for jobs in water infrastructure, surface transportation, and electric car manufacturing.

The package includes the following:

- The DOT provides funding to states for highway and facilities maintenance, safety improvements, congestion mitigation, and air quality improvements; a portion of this funding may be used to support workforce recruitment and preparation. The bill would allow DOT-funded training to be provided by vocational schools in addition to community colleges. Moreover, the existing DOT transportation workforce development curriculum program would be expanded to include hands-on training opportunities.
- The bill directs the DOE to create three new competitive grant programs: grants to states to train individuals to conduct energy audits or surveys of commercial and residential buildings; grants to colleges and universities to create training and assessment centers focused on energy-efficient construction; and grants to nonprofit organizations that collaborate with employers to deliver training in energy efficiency and renewable energy industry skills.
- The EPA recently established a competitive grant program to support workforce development activities in the water and wastewater industries. The bill would revise the program to expand training opportunities for individuals in the water utility sector and to support upskilling the existing workforce.

The bipartisan infrastructure legislation includes at least $95 million to train workers in specific industries, like energy auditing and water management, and states will likely partner with their local workforce boards and community and technical colleges for much of that instruction.

A breakdown of those job training funds in the infrastructure bill is as follows:

- $10.3 million to retrain bus drivers to operate zero emission vehicles.
- $40 million to train a new generation of energy auditors.
- $10 million to train engineers, architects and technicians.
- $10 million to train workers to install energy efficient building technology.
- $25 million to train workers in the water and wastewater utility sector.

Key Context: This workforce development funding represents only a small portion of what's required to prepare workers for the construction and other trades; and help build the new roads, bridges, broadband, energy and digital infrastructure funded in the bipartisan infrastructure legislation. Accordingly, $40 billion to train workers is included in the Build Back Better legislation, which just passed in the House. That number is unlikely to change as lawmakers work to finalize and move the legislation over the finish line, even as negotiations over spending for other big-ticket items like paid family leave continue.

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