MEMORANDUM

TO: Transportation Planning Board

FROM: Kanti Srikanth, Deputy Executive Director, COG

SUBJECT: Preliminary Summary of the Infrastructure Investment and Jobs Act (IIJA)

DATE: November 17, 2021

On Monday, November 15, the President signed H.R. 3684, the Infrastructure Investment and Jobs Act (IIJA) into law. The IIJA is a sweeping $1.2 trillion infrastructure bill that reauthorizes the nation's surface transportation, drinking water, and wastewater legislation with significant additional funding for new programs in transportation, energy transmission, resilience, broadband, and many other sectors. The Bill was previously passed by the U.S. Senate on August 10, 2021 and Friday, November 5 by the U.S. House of Representatives.

The detailed H.R.3684 Bill is about 2,700 pages long and affects a number of federal agencies. Detailed breakdown of the $1.2 trillion funding at the agency and program level is yet to become fully available. The summary provided in this memo is both preliminary and focuses on the new funding. The information in the memo relies on a staff review of the Bill, White House Fact sheets, publications of national organizations, including the American Association of State Highway and Transportation Officials (AASHTO), National Association of Regional Councils (NARC), National Association of Counties (NACo) and other articles. It is important to note that details of the IIJA continue to emerge and evolve. As such, the information below represents a "point in time" summary.

OVERVIEW

The $1.2 trillion figure includes funding normally allocated each year for several federal agencies plus new funding for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience. About $650B is for the normal allocation (baseline spending levels) and includes supplemental appropriations for many federal agencies, including Agriculture, Commerce, Energy, Homeland Security, Interior, Environmental Protection Agency, Health and Human Services, and Transportation. Another $550B is new investments (above baseline spending levels) for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience.

HOW IS THE PLAN TO BE FUNDED?

Funding for the total package of $1.2 trillion is derived from existing sources, such as the Highway Trust Fund (HTF) and a set of new sources. Funding for the $550B in new investments is derived from a variety of sources including: Repurposed 2020 COVID-19 relief funds, delaying the Medicare Part D rebate, unused federal supplemental unemployment benefits to states, profits from a Wi-Fi spectrum auction, enacting cryptocurrency reporting requirements, sale of Strategic Petroleum Reserves, and extended fees on government-sponsored enterprises (e.g., Fannie Mae) and dynamic scoring (estimating future impacts of proposed policy changes). The Bill is estimated to add about $256B to the deficit, over a ten-year period, according to the Congressional Budget Office excluding another $90B in new "contract authority" that does not have any appropriations at this time.

The transportation sector constitutes the largest element of the Bill with $661.1B in total funds for all modes of transportation administered by the U.S. Department of Transportation (DOT). Of this DOT funding, $284B is new funding, with the rest, $377.1B, being baseline funding (reauthorizing the FAST Act) with a 23.6 percent increase over FY 2022 levels. An analysis by the National Association of Regional Councils (NARC) identifies the modal allocation of total funds as listed in the table below and groups the transportation related funding in the IIJA into the following three types:

- Highway Trust Fund – These are funds taken from either the Highway Account or the Transit Account of the Highway Trust Fund. These funds are "real money" provided as Contract Authority over the five years of the Bill (FY 2022 - FY 2026) and is available to spend.
- Guaranteed Appropriations – These are funds added by the bipartisan agreement and used to either increase funding for existing programs or create and fund new programs. Most of these funds will also be provided over five years and are also "real funds" that do not need any additional action in the future to be made available.
- General Fund – These are funds that have been "authorized" to be spent but require future action by the Appropriations Committee to be made available. It is likely that most of these funds will be part of future budget appropriations (NARC notes that there are examples of programs that were authorized but never appropriated).

US DOT Agency	Highway Trust Fund (Highway & Transit)	Guaranteed Appropriations	General Fund (Sub. To Appropriations)
FHWA	$304.0B	$47.3B	$14.6B
FTA	$69.9B	$21.3B	$15.8B
FRA	-	$66.0B	$36.2B
FMCSA	$4.5B	$0.67B	-
NHTSA	$5.0B	$1.61B	$2.8B
OST	-	$19.0B	$1.3B
FAA	-	$25.0B	-
MARAD	-	$2.3B	-
PHMSA	-	$1.0B	-
Multimodal	-	-	$21.9B
Research/Innovation	-	-	$0.60B
Hazmat	-	-	$0.60B
TOTAL	**$383.4B**	**$184.2B**	**$93.5B**

Of the total $661.1B for all modes of transportation, $567.6B may be treated as guaranteed funding with another $93.5B is anticipated funding. The FHWA ($365.9B) and FTA ($107B) programs will receive $472.9B of the $661.1B with about $442.5B ($351.3B FHWA, $91.2B FTA) in guaranteed funds and another $30.4B ($14.6B FHWA, $15.8B FTA) in anticipated funds.

It is worth noting that the IIJA, which includes the reauthorization of the national Highway Trust Fund (HTF) for another 4 years (FY 2023-2026) and includes funding for the five year period of FY 2022-2026, did not, however, address the structural deficit in the HTF (revenues of the HTF are inadequate to fully fund the HTF programs). The IIJA, instead, transfers $118B ($90B to the Highway Account and $28B to the Transit Account) from the General Funds to the HTF.

DURATION OF FUNDING AVAILABILITY

The IIJA is not onetime stimulus funding; rather it combines annual spending on well-established programs in several sectors with up to a 10-year window for new funds. Both the enhanced funding to existing programs and new investments will flow through various federal agencies, like the USDOT, USDOE, USEPA, which will oversee the surge in funding, including administering new grants and designing new programs. Federal processes to develop and implement new programs and releasing funds under existing programs will vary depending on several factors including type of project and program. Due to their established nature, federal funds in existing federal programs, including those distributed by formula, typically become available sooner than funding in new programs, particularly new competitive grant programs, which could involve new rulemaking.

INCREASED FEDERAL FUNDING FOR STATES AND REGIONS

Individual state-level fact sheets developed by The White House provide the following estimates of anticipated increased federal funds for the District of Columbia, Maryland, and Virginia. It must be noted that these estimates are likely to change as the programs are finalized and when 2020 Census population data is used in apportionments. The IIJA also extends the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) through 2030 which provides $150M annually towards WMATA's Capital Program which is equally matched by the District of Columbia, Maryland and Virginia.

Infrastructure Sector	Formula Funds (5 years)			Compete For National Grants (Total Amount):
	D.C.	Maryland	Virginia	
Roads	$1.100B	$4.100B	$7.000B	Major Projects ($16B) Bridge Investment Program ($12.5B)
Bridges	$0.225B	$0.409B	$0.537B	
Public Transportation	$1.200B	$1.700B	$1.200B	
EV Charging Infrastructure	$0.170B	$0.063B	$0.106B	EV Charging ($2.5B)
Broadband	$0.010B	$0.100B	$0.100B	
Cybersecurity	$0.010B	$0.159B	$0.021B	
Water Infrastructure	$0.355B	$0.844B	$0.738B	
Extreme Weather[1] (Wildfires)	-	$0.079B	$0.015B	
Airports	-	$0.158B		

Note 1. The District of Columbia, Maryland and Virginia will also benefit from a proposed national-level investment of $3.5B in weatherization.

PRELIMINARY REPORTS OF NEW TRANSPORTATION FUNDING

Preliminary analysis identifies the $284B in new funding above the baseline level investment to be distributed among the following programs and amounts. While a considerable portion of these funds are proposed to be disbursed under formula programs, existing and new competitive grant programs have also been proposed to be used to award this new funding.

1. Roads & Bridges: $110 billion
2. Railroads: $66 billion
3. Public Transit: $39 billion
4. Airports: $25 billion
5. Ports & Waterways: $17 billion
6. Safety: $11 billion
7. Electric vehicle chargers: $7.5 billion
8. Electric buses: $7.5 billion
9. Reconnecting Communities: $1 billion

An examination of the various components of the IIJA, by AASHTO and NACo, indicates several new funding programs together with changes to existing programs. The following are selected highlights.

1. Increases the set-aside for off-system bridges (non NHS) by 5 percent resulting in an increase of $258 million annually.
2. Creates a new population band of 50K to 200K communities that would be eligible to receive Surface Transportation Block Grant (STBG) Program funds.
3. Increases TAP program funds to represent 10 percent of entire STBG program before other set-asides; increases the sub-allocation of STBG funds to local governments (from 50 percent to 59 percent).
4. Expands projects eligible to receive STBG funds to include, installation of EV infrastructure; installation of measures to protect transportation facility from cyber threats, and resiliency improvements.
5. Creates a new National Infrastructure Project Assistance grant (for megaprojects) at $15B over 5 years for highway, bridge, public transit, intercity passenger rail and at-grade rail crossing projects expected to exceed $500M.
6. Increases funding for INFRA grants for nationally significant freight and highway projects by $3.2B, for a total of $8B over 5 years and increases federal share for projects in rural areas from 60 percent to 80 percent.
7. Creates a new Bridge Investment Program with $40B over 5 years ($27.5B in formula and $12.5B in competitive grants) to carry out small and large bridge projects that reduce the number of bridges in poor condition and also those that reduce vehicle miles travelled on bridges in poor condition or those that are sub-standard. Fifteen percent of the $27.5B in formula funds will be set aside for off-system bridges.
8. Creates a new Reconnecting Communities pilot program with $1B over 5 years. $150M of this would be available for studies on the impact of removing or mitigating physical barriers within communities to improve accessibility and another $350M for capital construction grants to eliminate physical barriers for accessibility.
9. Creates a new competitive grant program to address threats to pedestrians in the amount of $25M over 5 years.

10. Creates a new $2.5B **Charging and Refueling** grant program for projects that promote the deployment of infrastructure for EVs and hydrogen, propane, and natural gas in designated areas. Fifty percent of the funds will be distributed annually through Community grants for the installation of EV and alternative fueling infrastructure on public roads, schools and in other publicly accessible locations.
11. Creates a new **Carbon Reduction Formula Program** with $6.42B over 5 years with the state required to sub-allocate 65 percent of funds on a per-capita basis to counties and other local governments. Eligible projects include public transit projects, trails and other projects to facilitate non-motorized users of the road, the replacement of streetlights with energy-efficient alternatives, purchase or lease of zero-emissions construction equipment, etc.
12. Creates a new program called: Promoting Resilient Operations for Transformative, Efficient and Cost Saving Transportation **(PROTECT)** with $7.30B over a 5 year period ($7.3B formula and $1.4B competitive grants) to enhance resiliency of infrastructure assets with funds for Planning grants ($140M), Resiliency Improvement grants ($980M), Community Resilience and Evacuation Route grants ($140M) and at-risk coastal Infrastructure grants ($140M).
13. Creates a **Healthy Streets** program with $500M over 5 years for localities with a disproportionate number of communities of color. Eligible projects include the installation of cool and/or porous pavements and the expansion of tree cover with the goal of reducing urban heat centers and improving air quality.
14. Establishes a national competitive grant program for **Rail Infrastructure** with $10B over 5 years for projects that generate national or regional economic mobility or safety benefits. Eligible projects include: Highway or bridge projects, Freight intermodal or freight rail projects with a public benefit, including ports, Rail-highway grade separation or elimination projects and Intercity passenger rail projects and public transportation projects. Fifty percent of the funding would be for projects between $100M and $500M.
15. Establishes the **RAISE** grant program as an authorized HTF program thus guaranteeing funding for the program annually.
16. Establishes a new **Safe Streets and Roads for All** grant program at $5B over 5 years for competitive awards to support and implement local safety initiatives to prevent death and serious injury on roads and streets, known as Vision Zero and Toward Zero Deaths national strategies. It must be noted that only $200M is authorized with $1B in annual appropriations anticipated.
17. Establishes a new Strengthening Mobility and Revolutionizing Transportation **(SMART)** grant program with $500M over 5 years for competitive awards to carry out demonstration projects focused on smart city or community technologies and systems, including those focused on: Coordinated automation, Connected vehicles, Intelligent, sensor-based infrastructure Systems integration, Commerce delivery and logistics, Drones and Smart grid technologies.
18. Raises the cap on **Private Activity Bonds** from $15B to $30B, which will allow counties to enter into additional public-private partnerships to supplement future surface transportation projects with private investments.
19. Creates a **new** $5B **EV Charging Infrastructure formula** program. This funding provided to states to "strategically deploy electric vehicle charging infrastructure and to establish an interconnected network to facilitate data collection, access, and reliability"; eligible uses include EV charging infrastructure acquisition, installation, operation, maintenance, and data sharing; funds distributed based on existing apportioned program state share.
20. Creates a **new Electric Buses program** with $5B over 5 years with $2.5B for new "zero-emissions" or electric school bus purchases and $2.5B for "low-emissions" school buses, including CNG, propane and biofuel buses. An additional $2.5B will be made available for ferries.
21. Creates a **new** $27.5B formula-based FHWA bridge program.