



AFSCME Facts

How the New Infrastructure Law Affects AFSCME Members November 10, 2021

The Infrastructure Investment and Jobs Act of 2021 (IIJA) – also known as the Bipartisan Infrastructure Framework (BIF) – represents a historic federal commitment to address the Nation’s infrastructure backlog. Signed by President Biden in November 2021, this \$1.2 trillion law significantly increases funding for surface transportation, water and wastewater, energy and broadband programs. With \$550 billion in spending above what was in the prior federal funding law, the IIJA also:

- Makes new federal investments in infrastructure resilience (such as the ability to continue operating during or recover rapidly from extreme weather events, natural disasters or changing conditions, including sea level rise).
- Builds out a national electric vehicle charging network.
- Directs billions of dollars to address water affordability and lead service line replacement.

This fact sheet describes key parts of the IIJA that are most relevant to AFSCME affiliate unions and members. Here are a few things to know when reading it:

- **Five-Year Dollar Amounts** — All dollar amounts used below are five-year totals rather than annual appropriations unless otherwise noted.
- **Formula vs. Competitive Grants** — The discussion below refers to both formula and competitive grants. Formula grants are federal funding programs that allocate funding to recipients based on formulas set by Congress. Competitive grants are discretionary grant programs through which federal agencies award funding to support projects addressing specific program purposes through a competitive selection process targeted to interested and eligible applicants.
- **How Much a Government Will Get** — The specific amount of formula funds an individual government will get may not yet be available. Generally, those apportionments are released within a few months of bill passage. If you have a question about a specific state or local government apportionment, or eligibility criteria for a new or existing competitive grant program, please contact Jon Haines at jhaines@afscme.org.

What does the IIJA do to the major existing transportation funding programs?

The IIJA updates the prior multi-year transportation funding law, the Fixing America’s Surface Transportation (FAST) Act of 2015. It includes five years of funding for surface transportation

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infrastructure planning and investment and also extends the FAST Act for one year, though FY 2021. That law had expired at the end of FY 2020.

What does the IIJA mean for highway and bridge projects?

IIJA directs \$219.6 billion towards federal-aid highway programs and another \$110 billion in supplemental funds for roads, bridges and other major projects. The law greatly increases allocations for highway formula funds and introduces new formula and competitive grant programs. For example, the new Bridge Investment Program will disburse \$12.5 billion in competitive grants to state and local governments to replace or rehabilitate bridges. The existing Infrastructure for Rebuilding America (INFRA) discretionary grant program gets an additional \$8 billion to fund complex, multi-state projects — including highways and bridges — that require a great deal of coordination between federal, state and local partners.

The IIJA contains other new programs that target congestion, resilience against climate change and natural disasters, carbon reduction and reconnecting communities displaced by past transportation planning decisions, such as urban highways that bisected marginalized neighborhoods.

Effect on AFSCME Members: Federal-aid highway funds are only available for capital costs and generally cannot pay for operations and routine maintenance of existing highways. However, the dramatic increase in federal funds will have a substantial impact on state highway expenditures that could improve states' fiscal outlook. State and local governments will have access to federal aid to repair, replace or modify roads and bridges that may have required other sources of funding, such as state gas tax or general fund revenues.

Does the IIJA fund emerging technologies or advanced systems, such as electric vehicle charging infrastructure?

Yes. IIJA encourages broader electric vehicle adoption through new formula *and* competitive grant programs that assist states with building charging infrastructure. The National Electric Vehicle Formula Program will be distributing \$5 billion, and the Charging and Fueling Infrastructure Competitive Grant Program will be making \$2.5 billion in grants. In addition, the new competitive Clean School Bus Program will distribute \$5 billion to states, local governments, non-profit operators, eligible contractors and tribal entities. These funds may be used to purchase zero or low-emission school buses and charging infrastructure. The law also provides \$250 million for an electric or low-emission ferry pilot program, on a competitive basis.

Effect on AFSCME Members: The IIJA represents the largest federal commitment to the electric vehicle transition to date. State and local governments, transit agencies and other governmental entities will have access to billions of dollars to construct and install charging networks. Local government public works employees, state department of transportation (DOT) workers, school district employees maintaining school bus fleets and others may be tasked with the operation and maintenance of these stations, buses or ferries. For example, the Alaska Marine Highway System is guaranteed at least one grant through the Low-

Emission Ferry Pilot Program, which may be used to purchase low-emission ferries or retrofit existing ferries. AFSCME affiliates should consider actively advocating to their employers that operation and maintenance be done by AFSCME members because grantee governments and agencies otherwise are likely to outsource some or all of it.

Does IIJA include measures to reduce transportation emissions?

Yes. In addition to providing billions for electric vehicle charging, IIJA implements a new Carbon Reduction Formula Program to fund projects that reduce transportation emissions through a variety of measures, including installing HOV or tolling lanes, pedestrian or bicycle routes and advanced traffic management systems.

Effect on AFSCME Members: AFSCME members working for state DOTs, metropolitan planning organizations or local governments may be tasked with planning, supervising, operating or maintaining these new systems and processes for climate change mitigation.

Does IIJA address the impact of climate change?

Yes. Among other initiatives, the IIJA includes the new Promoting Resilient Operations for Transformative, Efficient and Cost-saving Transportation (PROTECT) program. PROTECT will provide \$7.3 billion in formula grants and an additional \$1.4 billion in competitive grants for projects that address resilience and vulnerabilities for future weather events and natural disasters associated with climate change. Eligible projects include improvements to highways, public transportation assets and port facilities.

Effect on AFSCME Members: AFSCME members working for state DOTs, metropolitan planning organizations or local governments may be tasked with planning, supervising, operating or maintaining these new systems and processes for climate change mitigation.

What does the IIJA mean for public transit?

Except for a new \$18.4 billion formula program to replace rail rolling stock called State of Good Repair Grants, IIJA does not introduce significant new reforms or programs to the previous FAST Act. Urbanized formula grants are increased to \$33.5 billion, while rural areas will get \$4.58 billion; both are existing programs directed to states intended to provide capital, planning and operating assistance to support public transportation. Bus and Bus Facility grants are allocated \$5.5 billion, where \$3.16 billion is via formula, \$2.34 billion is competitive and \$374 million is reserved for low or no-emission competitive grants. A further \$62 million is directed towards technical assistance for workforce development.

Effect on AFSCME Members: AFSCME members working for transit authorities or local governments will benefit from increased funding for operations and maintenance through the formula grants. The Federal Transit Administration (FTA) will also implement an expanded workforce training program for transit workers. Increased public transit usage also has many health and environmental benefits through the reduction of traffic, commute time and auto emissions.

Does the IIJA provide new funding for airports?

Yes. The law provides \$15 billion to the Airport Improvement Program. Each year, up to \$2.48 billion may be used by primary airports, and up to \$500 million is reserved for non-primary airports. In addition, the new competitive Airport Terminal Program has \$5 billion to disburse for terminal development projects. Of this, up to 55% (\$2.75 billion) is for large hub airports; up to 20% (\$1 billion) is for medium airports; and the remainder is for non-hub and non-primary airports. IIJA also increases the existing facilities and equipment funding program to \$5 billion.

Effect on AFSCME Members: Generally, Airport Improvement Grants and Facilities and Equipment may be used for public-use airport capital projects that enhance airport safety, capacity, security or address environmental concerns. New funds for facilities and equipment are generally limited to capital costs associated with air traffic control towers, hazardous materials maintenance, fuel storage tank replacement and similar purposes. While operational costs such as salaries, equipment and supplies for airport operations are not eligible, increased federal funding for capital improvements could permit airports to meet those needs using other resources previously intended for capital uses.

What does IIJA mean for water and wastewater authorities, and how much is available for lead pipe replacement?

The two primary federal sources for water and wastewater funding, the Drinking Water Revolving Loan Program and the Clean Water Revolving Loan Program each receive billions in new funds to be dispersed via formula: \$11.713 billion for drinking water projects; \$15 billion for lead service pipe replacement; and another \$11.713 billion for wastewater projects. Funds may be used for a variety of purposes including distribution; consolidation or creation of new systems; conservation; and treatment works. In addition, a total of \$5 billion is reserved for PFAS (per- and polyfluoroalkyl substances) abatement.

IIJA also funds numerous smaller grant programs targeting small, disadvantaged or rural communities; establishes new programs that focus on system resilience; and provides lead testing guidance for public schools. The Environmental Protection Agency (EPA) is also directed to establish a workforce development program focused on recruitment, retention and promotion of diversity within the water and wastewater sectors.

Effect on AFSCME Members: AFSCME members working in water or wastewater will benefit from expanded federal funds via the primary EPA-administered programs. These funds are reserved for public or non-profit entities and may be used for a wide variety of purposes.

Lead pipe removal and replacement represents a large fiscal liability for municipal governments and a serious health concern for residents, particularly those in marginalized or disadvantaged communities. While not enough to eliminate lead drinking water pipes nationwide, this is a significant commitment to aid communities most affected. PFAS contamination in drinking water is an emerging concern among health officials, and IIJA allocates billions over the next five years to mitigate this health threat.

Is there new funding or financing for energy and broadband infrastructure?

The law contains several provisions that will enhance the nation's electric grid infrastructure through both new and existing programs. For example, IJA adds \$3 billion to the Smart Grid Investment Matching Program, a competitive program intended to modernize transmission and distribution systems. The law also adds \$2.5 billion to the Transmission Facilitation Program revolving loan fund, which facilitates construction of new or replacement transmission lines. A further \$5 billion is allocated to increase grid resilience against extreme weather events, such as hurricanes or wildfires.

IJA also establishes a new \$42.5 billion formula funding program for broadband infrastructure to be administered by the National Telecommunications and Information Administration (NTIA). Each state will receive a minimum of \$100 million, with the remainder to be determined via formula. Eligible activities include broadband mapping and planning; broadband adoption; and connecting un- and underserved communities.

Effect on AFSCME Members: The expansion of broadband infrastructure to enable high-speed internet in rural and underserved areas has been a key goal for policymakers across the political spectrum. The new formula program will enable a rapid buildout of capacity, particularly in communities that do not have access to reliable, fast internet connections. In addition, electricity providers employing AFSCME members will have access to federal aid to modernize, expand or rehabilitate their facilities. By increasing investment in our national energy grid and focusing on resilience, IJA will help prevent blackouts or other disruptions due to severe weather events, such as the recent Texas blizzard of February 2021.

Is new funding available for passenger and freight rail?

The law appropriates \$36 billion for passenger rail grants. This is a significant increase to an existing competitive grant program. IJA also expands eligibility for existing programs such as the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program and authorizes \$7.5 billion in new competitive grants for the RAISE/BUILD program and \$10 billion for the National Infrastructure Project Assistance Program, which will fund projects with significant regional and national impact, respectively.

Effect on AFSCME Members: Although AFSCME members do not work in passenger or freight rail, public transit systems that employ AFSCME members could benefit from improvements to facilities public transit shares with passenger rail systems. More frequent intercity passenger rail service, improved facilities and strengthened freight rail could also support stronger economic growth in affected cities that employ AFSCME members.

What kind of port funding is available?

IJA authorizes \$2.5 billion in competitive grants for the Port Infrastructure Development Program, and \$9.55 billion in supplemental funding for Army Corps of Engineers projects. Eligible recipients of these funds include state and local governments, public agencies and private firms.

Funds can be used for major port projects that improve the safety, efficiency or reliability of port functions such as loading or unloading goods, intermodal connections with the port like highway or bridge connections and environmental mitigation measures.

Effect on AFSCME Members: AFSCME members working in major ports could benefit from increased federal funding for capital projects through an expansion of port facilities and safety improvements. Funds are not available for operations such as salaries or supplies but may be used for worker training to support port electrification technology in major ports.

AFSCME has historically opposed public-private partnerships (P3s) and any tax breaks for wealthy corporations to privatize our infrastructure. Does this bill encourage P3s and privatization?

A critical source of federal financing for P3s is private activity bonds (PABs). These tax-exempt bonds can be used to lower the cost of lending for private firms seeking to build major infrastructure projects via a P3. Up until now, the total amount of lending available through PABs was capped at \$15 billion for surface transportation projects. IIJA doubles this cap to \$30 billion. IIJA also requires a value for money analysis (or VfM, a type of cost comparison) on funded public projects with user fees, such as toll roads or bridges, and with an expected cost of \$750 million or higher. This only applies to projects seeking financing from the existing Transportation Infrastructure Finance and Innovation Act (TIFIA) or Railroad Rehabilitation & Improvement Financing (RRIF) programs. State DOTs will also receive grants for technical assistance to evaluate P3s.

Earlier versions of this bill included the establishment and capitalization of a national infrastructure bank (NIB) modeled on existing state infrastructure banks and the TIFIA program. This would have supercharged the use of P3s by providing low-cost financing and new lending authority through the NIB for state and local governments to sell off public assets like roads, bridges and water systems. The Biden administration helped AFSCME beat back these broader private financing provisions, which had been a core demand of some Republican senators. Removing the NIB from IIJA was a key victory for AFSCME and coalition allies.

Effect on AFSCME Members: Raising the PAB volume cap to \$30 billion will increase available financing for P3s, which could pressure public officials to consider P3s as an alternative to traditional procurement. Private firms that specialize in infrastructure projects will have more access to tax-advantaged lending than ever before and could use this to further expand the P3 project pipeline. Other measures such as technical assistance to states or the VfM requirement could encourage a broader use of P3s by building out technical expertise in state and local bureaucracies and opening the door to greater use of consultants biased in favor of P3s. Technical assistance from the US DOT, however, could be helpful in ensuring governments are not stampeded into privatization of public infrastructure assets.