

# The Infrastructure and Investment Jobs Act (IIJA): An Anniversary Report

by Aimee Ghosh, Johnna Purcell, Nancy Fischer, Elizabeth Moeller and Lee Petro

On the one-year anniversary of its signing, the implementation of the IIJA remains a heavy lift for the federal agencies charged with carrying out its requirements.

## Takeaways

*Key Notices of Funding Opportunity (NOFOs) have been released in the transportation, broadband, energy and environmental sectors.*

*In addition to pending NOFOs, there is still a substantial amount of money available through appropriations made in the IIJA.*

*Entities interested in receiving funding should continue to monitor for NOFOs while industry partners should begin assessing what sort of partnership opportunities may best fit their product, services, and private sector infrastructure needs.*

November 15, 2022, marked the one-year anniversary of President Biden signing the Infrastructure and Investment Jobs Act (IIJA) into law. The historic \$1.2 trillion dollar investment into infrastructure marked a major bipartisan accomplishment for the 117th Congress and may ultimately represent one of the most impactful accomplishments of the Biden administration. The IIJA, which is also sometimes referred to as the Bipartisan Infrastructure Law (BIL), made investments into roads, bridges, electric vehicles, broadband, hydrogen hubs, cybersecurity, water infrastructure and grid resilience, among other areas of infrastructure.

The law directed funding to various sectors over a five-year period. Funding was allocated through a variety of mechanisms including “formula funding,” where states receive designated awards based on population or other criteria, and competitive grants. Competitive grants—which are administered by federal agencies—are typically announced through Notices of Funding Opportunities

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(NOFOs) with awards being made to “winning” applicants. Roughly 60 percent of the IIJA funding is to be distributed through formula funding with the remaining 40 percent allocated through competitive grants along with loans and other federal support programs.

Unlike other historic federal funding programs, eligible recipients of IIJA funds—whether distributed by formula or through competitive grants—are typically public entities (i.e., states, counties, local government agencies, and tribal governments) rather than private companies, requiring significant coordination between the federal, state, and local governments. However, the massive influx of new federal dollars into both “shovel ready” and longer-term projects has—and will continue—to create opportunities for suppliers, vendors, contractors, public-private partners, and other private sector stakeholders.

Given the scale of the IIJA, the implementation of the new programs and additional funding streams was expected to be a heavy lift for the federal agencies charged with carrying out the requirements of the law. Those agencies have been able to distribute most funds on schedule—notably, formula funding for transportation projects and funding for water infrastructure were quickly disbursed. This report will analyze the implementation process of the IIJA over the past year and highlight some of the upcoming funding opportunities.

## Progress Report

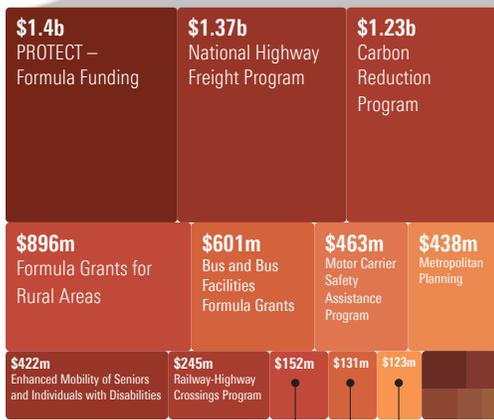
### Key Notices of Funding Opportunity Released Thus Far

TRANSPORTATION	
Ferry Service for Rural Communities	Passenger Ferry Grant Program
Electric or Low-Emitting Ferry Pilot Program	Bridge Investment Program (BIP)
Safe Streets for All Program	Reconnecting Communities Pilot Program
Infrastructure for Rebuilding America (INFRA) Grant Program	National Infrastructure Project Assistance (MEGA)
Rural Surface Transportation Grant Program (RURAL)	Buses and Bus Facilities Program
Low or No Emission Bus Grant Program	Clean School Bus Program
Pilot Program for Transit-Oriented Development Planning	

BROADBAND	
Enabling Middle Mile Broadband Infrastructure Program	USDA ReConnect Program
Broadband Equity, Access, and Deployment (BEAD) Program	Digital Equity Act Programs
USDA ReConnect Program	
ENVIRONMENT	
Marine Debris	Coastal Zone Management
Restoring Fish Passage Through Barrier Removal	National Dam Safety Program

### Total Funds Allocated to States as of July 6, 2022

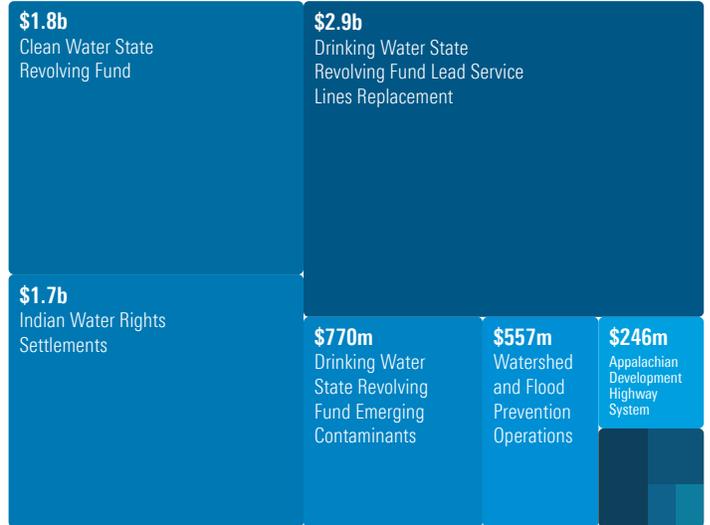
#### TRANSPORTATION – \$74.7b



Metropolitan Transportation Planning Program  
 Highway Safety Programs  
 National Priority Safety Programs



#### WATER – \$8.2b



#### ENVIRONMENT \$2b



#### ENERGY \$1.7b



## Implementation Progress

Over the past year, the White House and various federal agencies have announced plans, initiatives, stakeholder “roundtables,” and a host of other measures aimed at ensuring the successful implementation of IIJA programs and funds. For example, in January 2022, the White House released *A Guidebook to the Bipartisan Infrastructure Law for State, Local, Tribal, and Territorial Governments, and Other Parties*, a comprehensive playbook outlining each IIJA program, eligible recipients, funding status, and timing for NOFOs and other disbursements. Then, in April 2022, the White House released a *Rural Infrastructure Playbook*, specifically designed to aid smaller and rural communities in identifying funding programs and taking advantage of cost share waivers.

The White House has similarly announced action plans aimed at solving specific “red tape” issues or streamlining a certain funding set. In May 2022, the administration announced a “**Permitting Action Plan**” to accelerate federal permitting and environmental reviews that are necessary for certain new building projects. At the end of 2021, a month after enactment, the administration announced a “**Lead Pipe and Paint Action Plan**” to leverage federal funds along with other government tools to replace lead pipes and remediate lead paint across the country. Most recently, in October 2022, the White House hosted an “Accelerating Infrastructure Summit” and announced **new efforts and an Action Plan** to accelerate infrastructure projects.

After enactment, agencies overseeing new programs issued batches of requests for information, seeking input from potential recipients and other stakeholders to shape program guidance in ways that fulfill the objectives of the IIJA while also accounting for the realities of supply chain, technological advances, and project management complexities.

At a high level, agency leaders are working directly with state leaders to make big funding announcements and highlight IIJA successes. At the same time, implementation at the state and local level has proven challenging, especially in the implementation of new funding streams.

## Big Winners

### Amtrak and Rail Infrastructure

The IIJA made historic investments in rail infrastructure to expand passenger rail service to new corridors and improve rail service in existing corridors. The total investments for rail infrastructure in the IIJA exceed \$66 billion through FY '26. This is the largest investment in passenger rail infrastructure since Amtrak’s inception nearly 50 years ago. Over the past year, Amtrak has undertaken planning and implementation of Amtrak National Network Grants and Amtrak Northeast Corridor Grants provided under the IIJA. This funding will be used to support reactivation of routes previously served by Amtrak, service new routes so long as the route connects to a current Amtrak network, and improve service on Amtrak’s northeast corridor.

### Energy Investments

The IIJA also made crucial investments in the Energy sector that the Department of Energy (DOE) has worked diligently to implement over the past year. The total investments in energy in the IIJA are over \$90 billion. This year, the DOE has established two new programs within the department relating to the implementation of the Hydrogen Hub programs included in the IIJA. The DOE created both the Regional Hydrogen Hub and the Electrolysis and Clean Hydrogen Manufacturing and Recycling Programs within the agency. The DOE has also released its first Notice of Intent and Notice of Funding Opportunity (NOFO) under the two programs.

### Transportation Infrastructure

Transportation funding makes up the greatest percentage of IIJA funding with over 60% infrastructure funds being distributed through the Department of Transportation (DOT). Approximately \$600 billion dollars was allocated to transportation programs under the IIJA. The DOT has had a very smooth rollout of its programs under the IIJA and has implemented funding increases to existing programs and established new programs within the DOT this year. In a July 26, 2022, report to Congress, Secretary Buttigieg stated that, as of July, the DOT had already awarded \$84 billion in transportation grants under the IIJA. Other notable DOT achievements this year include awarding the first rounds of grants under the Surface Transportation Block Grant Program; the Airport Infrastructure Grant Program; and Bridge Improvement programs.

## Challenges

### Federal-State Coordination and State Level Implementation

As a signature accomplishment of the Biden administration, the White House and agencies invested in resources to help states, counties, local agencies, and tribal governments to identify incoming federal resources, manage these resources, and put them to use on infrastructure projects. However, the IIJA funds—which require state agencies, local governments, utilities, and public project sponsors to apply for and manage funds—has created coordination and implementation challenges. Specifically, to secure funding, project sponsors need to identify eligible infrastructure projects, ensure such projects meet legislative objectives, and navigate approvals, suppliers, vendors, and costs. Some states and local entities have struggled to create the processes and systems to capitalize on opportunities.

### Buy American Restrictions

The IIJA imposed more rigid preferences for infrastructure projects to utilize materials manufactured in America. “Buy America” refers to a set of several statutes and regulations that create a framework by which federal assistance used to support infrastructure projects (particularly those in the transportation and water industries) must be manufactured primarily in the United States. Buy American requirements had previously applied to iron, steel and limited manufactured goods; however, the IIJA broadened the application of Buy American coverage to include nonferrous metals, plastic and polymer products, glass and other construction materials, including lumber and drywall. To be considered “produced in the US” for the purpose of the IIJA, goods must contain greater than 55% domestic product. These requirements, however, have been challenging for grantees to comply with due to sourcing difficulties. As such, both the DOT and EPA have had to issue waivers from Buy American restrictions over the past year. Nevertheless, those wishing to take advantage of funding available over the next several years should be aware of Buy American content requirements. In April 2022, the White House **issued requirements** for how projects funded by the IIJA should source construction materials.

### The Limitations of Formula Funding

Grant funding through the IIJA is allocated through either “competitive grants” or “formula funding.” Competitive grant programs require that an eligible participant submit an application to receive funding for a given project. By contrast, formula funding is predetermined funding levels allocated to states and/or local governments for their use. These amounts are determined by a formula that equitably allocates funds based on population. However, there are limitations in the formula funding approach. Areas with smaller populations such as rural areas are often the most in need of federal resources to complete projects, but because of how funding is calculated in formula-funded projects, these are the areas that receive disproportionately less funding than their urban counterparts. As such, to the extent that rural communities would like to take advantage of infrastructure funding they should consider applying to competitive grant programs where their return on investment and funding opportunities will both be greater.

## Next Steps

Over the next several months, additional agencies will announce Notice of Funding Opportunities to receive funding allocated from programs under the IIJA in FY 2022 and FY 2023. Entities eligible to receive funding under these programs should plan to submit applications for funding. Industries that have capabilities that align with the infrastructure aims of these projects should monitor for opportunities to partner with eligible entities to assist in executing their projects.

NOFOs that are currently pending include:

2022

<b>NOV</b> (Pending)	<b>TRANSPORTATION</b> Thriving Communities
<b>NOV 15</b> (Pending)	<b>CYBERSECURITY</b> State and Local Cybersecurity Grant
<b>NOV 18</b> (Pending)	<b>TRANSPORTATION</b> Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program
<b>DEC</b> (Pending)	<b>TRANSPORTATION</b> Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program
<b>DEC 2022</b> (Expected)	Fiscal year 2022 Federal-state Partnership—National
<b>DEC 2022</b> (Expected)	Fiscal year 2022 Federal-state Partnership—Northeast
<b>DEC 5</b> (Pending)	<b>ENERGY</b> Regional Clean Hydrogen Hubs

2023

<b>JAN 5</b> (Pending)	<b>TRANSPORTATION</b> Rail Vehicle Replacement Program
<b>JAN 27</b> (Pending)	<b>EMERGENCY MANAGEMENT</b> Building Resilient Infrastructure and Communities (BRIC) Program
<b>JAN 27</b> (Pending)	<b>EMERGENCY MANAGEMENT</b> Flood Mitigation Assistance (FMA) Grant
<b>FEB 6</b> (Pending)	<b>TRANSPORTATION</b> National Culvert Removal Replacement, and Restoration Grant Program

In addition to pending NOFOs, there is still a substantial amount of money available through appropriations made in the IIJA. These funds will be expended over the next several years, with many programs accepting grant applications for programs again in FY 2023, FY 2024, and so on. Entities interested in receiving funding should continue to monitor for NOFOs while industry partners should begin assessing what sort of partnership opportunities may best fit their products. Pillsbury's **Public Policy** team is ready to assist you with monitoring and targeting IIJA funding opportunities over the coming year.

Below are estimates of funds that remain available in a few programming areas:

### Transportation

- National Highway Performance Program: \$120 billion
- Surface Transportation Block Grant Program: \$50.9 billion
- Airport Infrastructure Grants: \$12 billion

### Broadband

- Digital Equity Competitive Grant Program: \$1.3 billion
- Broadband Equity, Access, and Deployment Program: minus \$2 million

### Water

- Drinking Water State Revolving Fund: \$10 billion
- Drinking Water State Revolving Fund Lead Service Lines Replacement: \$12 billion
- Drinking Water State Revolving Fund Emerging Contaminants: \$3 billion
- Clean Water State Revolving Fund: \$10 billion
- Clean Water State Revolving Fund-Emerging Contaminants: \$1 billion

### Energy and Environment

- Regional Clean Hydrogen Hubs: \$8 billion
- Preventing Outages and Enhancing the Resilience of the Electric Grid: minus \$500 million
- Battery Manufacturing and Recycling Grants: \$2.9 billion
- Battery Material Processing Grants: \$2.4 billion