

Federal Infrastructure Funds Program Summary

The \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) (P.L. 117-58) was signed into law on November 15, 2021. The law provides advance appropriations for 5 years, from federal fiscal year (FFY) 2022 through FFY 2026. We have compiled information on programs that may affect Arizona. This summary does not address the Build Back Better (BBB) Act, the broader \$1.75 trillion budget reconciliation package, which is still pending in U.S. Congress.

Based on certain formula funding programs, Arizona will receive at least \$9.4 billion over 5 years from IIJA (see *Table 1*). Arizona's share of funding will be greater once all funding formula calculations are made available and discretionary grants are allocated for specific projects. We will update this summary as we receive additional information.

Arizona-Specific Allocations

The \$9.4 billion to the state, local governments, and other entities in Arizona consists of:

Highways and Transit

1. \$5.0 billion for federal-aid highway apportioned programs. For a breakout of these funds, see *Table 2*.
2. \$225 million for bridge replacement and repairs.
3. \$884 million for public transportation. Of this amount, Valley Metro (Phoenix) would receive \$499 million, SunTran (Tucson) \$118 million, YCAT (Yuma) \$21 million, Mountain Line (Flagstaff) \$21 million, Yavapai Regional Transit (Prescott) \$11 million, CART (Casa Grande) \$8 million, Lake Havasu City Transit \$7 million, and Vista Transit (Sierra Vista) \$7 million. These monies would also help fund Amtrak service between Phoenix and Tucson.
4. \$348 million for airports. Of this amount, Sky Harbor International Airport (Phoenix) would receive \$217 million, Tucson International Airport \$32 million, Phoenix-Mesa Gateway \$23 million, Grand Canyon National Park Airport \$11 million, and other airports approximately \$550,000 each.

Broadband

5. \$100 million for broadband coverage (internet service plans), including a \$30 per month voucher for low-income families through the Affordable Connectivity Benefit program (previously the Emergency Broadband Connectivity Fund).

Energy

6. \$76 million for expansion of an electric vehicle (EV) charging network.
7. \$8 million for the State Energy Program to support transmission and distribution planning.
8. \$2 million for the Energy Efficiency Revolving Loan Fund. These monies have a supplement-not-supplant requirement.
9. \$26 million for weatherization to reduce energy costs for families.

Water

10. \$1.1 billion from the Drinking Water State Revolving Fund for public and private drinking water systems.
11. \$398 million from the Clean Water State Revolving Fund for public wastewater systems.
12. \$360 million for remediation of the chemical PFAS in drinking water systems.
13. \$34 million for PFAS remediation in groundwater and wastewater systems.
14. \$270 million to replace and remove lead pipes.

Other

15. \$38 million for wildfire prevention.

16. \$16 million for cybersecurity. States are required to subgrant 80% of funding to local governments and 25% of funding to rural areas. Up to 5% of funding may be used for administrative costs. Each grantee must develop and submit a cybersecurity plan in collaboration with their local governments, though this requirement may be waived in FFY 2022 and FFY 2023 if the grantee certifies that they are using funds for eligible purposes. Uses include developing and implementing the cybersecurity plan and activities that address imminent cybersecurity threats to information systems. Funds cannot be used to pay ransoms and must supplement, not supplant, existing funds. The federal cost-share is 90% in FFY 2022, 80% in FFY 2023, 70% in FFY 2024, and 60% in FFY 2025. The U.S. Secretary of Homeland Security may modify or waive the non-federal match if the grantee demonstrates economic hardship.
17. \$547 million to fully fund projects at the land ports of entry along the southern border. The current Douglas Port of Entry would receive \$184 million, a new port of entry in Douglas would receive \$216 million, and the San Luis Port of Entry would receive \$147 million.

Nationwide Allocations

Beyond the \$9.4 billion, Arizona may also receive some funding from the following programs. The listed figures are nationwide amounts (for a summary of these amounts, see *Table 3*). Arizona's share of funding for these programs has not yet been determined.

Transit

1. \$12.5 billion through the Bridge Investment Program for economically significant bridges.
2. \$16 billion for major transportation projects that are too large or complex for traditional funding programs.
3. \$8 billion for Capital Investment Grants for high-cost public transportation capital investments. These projects include the Northwest Valley Light Rail Extension, Tempe Streetcar, and South Central Light Rail Expansion.
4. \$1 billion for National Infrastructure Project Assistance, which provides discretionary funding to states and localities to complete the planning, environmental review, and construction of projects of regional or national significance that cannot be funded by a state or locality through formula dollars. These projects include the I-10 expansion and the I-11.
5. \$8.7 billion for the Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) grant program to support state and local assessments, planning, and projects that reduce the vulnerability of transportation assets to natural disasters.
6. \$1 billion for the Active Transportation Infrastructure Investment Program.
7. \$500 million for the Healthy Streets Program for cool pavement and tree cover programs.
8. \$6 billion for Nationally Significant Freight and Highway Projects through competitive grants.
9. \$3 billion for the Tribal Transportation Program.
10. \$1.5 billion for Nationally Significant Federal Lands and Tribal Projects.

Broadband

11. \$42.5 billion for the Broadband Equity, Access, and Deployment Program, which would provide states with funds for broadband deployment and digital equity. States would receive a minimum of \$100 million and the remaining funds would be distributed by the share of unserved locations. Deployment grants must fund networks that offer minimum speeds of 100 megabits per second (Mbps) for downloads/20 Mbps for uploads.
12. \$1.5 billion for the State Digital Equity Capacity Grant Program, which includes a 1-year planning grant for developing a digital equity plan and annual implementation grants with a 5-year period of performance. First-year grants would be awarded in FFY 2023. These funds must supplement and not supplant state funds. Digital inclusion encompasses broadband internet service, devices, and digital literacy training.
13. \$1.3 billion for Digital Equity Competitive Grants to states, tribes, LEAs, and nonprofit entities. These monies require a non-federal match of 10%. Grant funds must supplement, not supplant, other federal and state funds. Monies must be spent within 4 years. These grants are meant to complement and

support the State Digital Equity Capacity Grant Program; only entities that do not administer a grant under the state program are eligible for Digital Equity Competitive Grants.

14. \$1 billion for Middle Mile competitive grants to fund expansion and extension of broadband infrastructure that does not connect directly to end-user locations. Grants may not exceed 70% of total project cost.
15. \$1.9 billion for the U.S. Department of Agriculture's Rural e-Connectivity Broadband Pilot program (ReConnect).
16. \$74 million for broadband loans under the Rural Electrification Act.

Energy

17. \$3 billion for the competitive Smart Grid Investment Grant.
18. \$2.5 billion for Preventing Outages and Enhancing the Resilience of the Electric Grid formula grants. The U.S. Secretary of Energy will distribute these funds based on population, total physical area (or areas with a low ratio of electricity customers per mileage of power lines), the probability of disruptive events, the number and severity of disruptive events, and the per capita amount spent on mitigation efforts over the previous 10 years.
19. \$1 billion for energy improvement in rural or remote areas with fewer than 10,000 residents.
20. \$550 million for Energy Efficiency and Conservation Block Grants. Of this amount, 28% is allocated to states based on population and energy consumption, 68% to local governments based on population, and 2% to tribes. The remaining 2% is for competitive grants for otherwise ineligible cities, counties, and tribes.
21. \$355 million for competitive Energy Storage Demonstration Projects and Pilot Grants. The appropriation for this program covers 4 years (FFY 2022 through FFY 2025).
22. \$180 million for competitive grants to state research agencies and institutions of higher education for wind and solar energy research and development.
23. \$2.5 billion in competitive grant funding for EV charging.
24. \$5 billion for the Clean School Bus Program. Of amounts awarded through these competitive grants, 50% must be used for adopting zero-emission buses and 50% for adopting clean buses.
25. \$2.4 billion to reduce hazardous fuels.
26. \$200 million for competitive grants to fund electric drive vehicle battery recycling and second-life applications programs.
27. \$3 billion for competitive Battery Material Processing Grants to states, municipalities, IHEs, and nonprofits.
28. \$3 billion for competitive Battery Manufacturing and Recycling Grants to states, municipalities, IHEs, and nonprofits.
29. \$60 million for competitive Battery Recycling Research, Development and Demonstration Grants.
30. \$50 million for competitive grants that support state battery collection, recycling, and reprocessing programs. The non-federal match must be at least 50%.
31. \$225 million for competitive grants for cost-effective implementation of updated building energy codes.
32. \$50 million for competitive State Manufacturing Leadership grants. These monies require a 30% state match.
33. \$40 million for competitive Energy Auditor Training Grants.

Water

34. \$3.2 billion across the Western United States for water infrastructure projects, including more than 150 projects in Arizona and the greater Yuma region.
35. \$250 million for the Lower Basin Drought Contingency Plan.
36. \$50 million for drought mitigation related to Lake Powell and the Colorado River Upper Basin.
37. \$400 million for competitive WaterSMART Grants. The federal cost-share for these projects will be between 50% and 75%.
38. \$1.2 billion for water storage, groundwater storage, and conveyance.
39. \$250 million for desalination projects.

40. \$450 million for competitive grants for large-scale water recycling and reuse projects. The federal cost-share will be 25% or less.
41. \$125 million for the Pilot Program for Alternative Water Source Projects, which funds water, wastewater, or storm water reuse or groundwater recharge projects.
42. \$280 million for Sewer Overflow and Stormwater Reuse Municipal Grants for cities, towns, and counties.
43. \$250 million for public drinking water and wastewater systems for resiliency measures to protect against climate change, drought, and cybersecurity threats.
44. \$5 billion for State Response to Contaminants Grants for remediation of the chemical PFAS in small or disadvantaged communities.
45. \$100 million for competitive grants to states and tribes for multi-benefit projects to improve watershed health. The federal cost-share will be between 50% and 75%.
46. \$2.5 billion for Indian Water Rights Settlements, which include settlements for the Gila River Indian Community, Tohono O'odham Nation, and White Mountain Apache Tribe.
47. \$250 million for the Indian Reservation Drinking Water Program for tribal drinking and wastewater infrastructure upgrades. This includes annual funding for at least 10 projects from Arizona tribes in the Lower Colorado River Basin.
48. \$150 million for the Tribal High Priority Projects Program.
49. \$3.5 billion for the IHS Sanitation Facilities Construction Program, which would improve sanitation for 15,000 Navajo homes.

Natural Resources

50. \$50 million for Colorado River endangered species recovery and conservation programs.
51. \$660 million for large, landscape-scale forest restoration projects, including the Four Forests Restoration Initiative (Flagstaff).
52. \$1.5 billion for states, tribes, and localities to assess, clean up, and reuse brownfields. The state cost-share is waived.
53. \$3.5 billion for the Hazardous Substance Superfund, which includes abandoned uranium mines on the Navajo Nation.
54. \$320 million for Earth Mapping Resource Initiative competitive grants to state geological surveys.
55. \$4.3 billion for state programs that address orphaned well site plugging, remediation, and restoration. These monies will be distributed through both formula and competitive grants.
56. \$11.3 billion for competitive Abandoned Mine Reclamation Fund grants.
57. \$1.5 billion for formula and competitive grants for abandoned hardrock mine reclamation.
58. \$24 million for competitive grants for Mineral Security Projects. The federal cost-share will be 50%. These monies also have a maintenance of effort requirement.

Severe Weather

59. \$1 billion for Community Wildfire Defense Grants.
60. \$100 million for wildfire preparedness grants for state, local, and volunteer fire departments.
61. \$20 million to the Southwest Ecological Restoration Institutes, which includes Northern Arizona University.
62. \$300 million for the Emergency Watershed Protection Program to conduct post-fire flood prevention.
63. \$1 billion for the Federal Emergency Management Agency (FEMA) Building Resilient Infrastructure and Communities Program, which provides grants to help communities undertake comprehensive planning and projects to better withstand extreme weather.
64. \$3.5 billion for the Federal Emergency Management Agency (FEMA) Flood Mitigation Assistance program, which provides grants to help reduce the risk of repetitive flood damage to homes and businesses. The bill would also lower the non-federal match required for some socially vulnerable and lower-income communities and individuals.

Cybersecurity

65. \$100 million for the Cyber Response and Recovery Fund. The U.S. Secretary of Homeland Security may distribute these funds to state, local, and tribal governments to respond to and recover from

cybersecurity-related significant incidents. Awards are available through FFY 2028. These monies have a supplement-not-supplant requirement.

66. \$100 million for grants and cooperative agreements through the Cyber Response and Recovery Fund. These monies are available through FFY 2028.

Other

67. \$100 million for competitive grants through the Asset Concessions and Innovative Finance Assistance Program to public entities that own transportation infrastructure. Funding is for either technical assistance or expert services related to agreements with private operators. Awards are for a 3-year period. The federal cost-share is 100% for the first \$1 million and 50% thereafter.
68. \$75 million for competitive Consumer Recycling Education and Outreach Grants.
69. \$25 million for Stopping Threats on Pedestrians.

Formula funding figures to Arizona in *Table 1* are derived from White House estimates. The Arizona highway apportionment estimates in *Table 2* come from Federal Funds Information for States, a collaboration between the National Conference of State Legislatures (NCSL) and the National Governors Association that tracks the fiscal impact of federal actions on states.

Table 1

IIJA Formula Funding to Arizona
(\$ in millions)

<u>Line #</u>		FY 2022-FY 2026
		<u>Total</u>
	<u>Highways and Transit</u>	
1	Highways	5,042
2	Bridges	225
3	Public Transportation	884
4	Airports	348
5	<u>Broadband</u>	100
	<u>Energy</u>	
6	EV Charging Network	76
7	State Energy Program	8
8	Energy Efficiency Revolving Loan Fund	2
9	Weatherization	26
	<u>Water</u>	
10	Drinking Water State Revolving Fund	1,054
11	Clean Water State Revolving Fund	398
12	PFAS Remediation – Drinking Water	360
13	PFAS Remediation – Groundwater and Wastewater	34
14	Lead Pipes	270
	<u>Other</u>	
15	Wildfire Prevention	38
16	Cybersecurity	16
17	Ports of Entry	547
	Total	9,428

Table 2

Highway Apportionment Funds to Arizona
(\$ in millions)

	<u>FY 2021</u> ^{1/}	IIJA Estimates					FY 2022-FY 2026	
		<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>Total</u>	
National Highway Performance Program	441	519	529	540	551	562	2,701	
Surface Transportation Block Grant	233	253	258	263	268	274	1,316	
Highway Safety Improvement Program	45	56	57	58	60	61	292	
Railway-Highway Crossings Program	3	3	3	3	3	3	15	
Congestion Mitigation and Air Quality Program	55	57	58	59	60	61	295	
Meotrpolitan Planning Program	6	8	8	8	8	8	40	
National Highway Freight Program	27	25	26	26	27	27	131	
Carbon Reduction Program	0	23	23	23	24	24	117	
PROTECT Program	0	26	26	27	27	28	134	
Total ^{2/}	812	969	988	1,008	1,028	1,049	5,042	

^{1/} FY 2021 amounts are not included in the IIJA. These figures are included for comparison only.

^{2/} Sums do not add to total due to rounding.

Table 3

IIJA Nationwide Funding
(\$ in millions)

<u>Line #</u>		FY 2022-FY 2026 <u>Total</u>
	<u>Transit</u>	
1	Bridges	12,500
2	Major Transportation Projects	16,000
3	Capital Investment Grants	8,000
4	National Infrastructure Project Assistance	1,000
5	PROTECT Grants	8,700
6	Active Transportation Infrastructure Investment	1,000
7	Healthy Streets	500
8	Nationally Significant Freight and Highway Projects	6,000
9	Tribal Transportation Program	3,000
10	Nationally Significant Federal Lands and Tribal Projects	1,500
	<u>Broadband</u>	
11	Broadband Equity, Access, and Deployment	42,500
12	State Digital Equity Capacity	1,500
13	Digital Equity Competitive Grants	1,250
14	Middle Mile	1,000
15	ReConnect	1,900
16	Rural Electrification Act	74
	<u>Energy</u>	
17	Smart Grid	3,000
18	Electric Grid Formula Grants	2,500
19	Energy Improvement in Rural or Remote Areas	1,000
20	Energy Efficiency and Conservation Block Grants	550
21	Energy Storage Demonstration Projects and Pilot Grants	355
22	Research Grants	180
23	EV Charging Network	2,500
24	Clean School Bus Program	5,000
25	Hazardous Fuels	2,400
26	Battery Recycling Programs	200
27	Battery Material Processing	3,000
28	Battery Manufacturing and Recycling	3,000
29	Battery Recycling Research, Development and Demonstration	60
30	Battery Collection, Recycling, and Reprocessing	50
31	Updated Building Energy Codes	225
32	State Manufacturing Leadership	50
33	Energy Auditor Training	40

Table 3 Continued

IIJA Nationwide Funding		FY 2022-FY 2026
(\$ in millions)		
<u>Line #</u>		<u>Total</u>
	<u>Water</u>	
34	Water Infrastructure	3,200
35	Lower Basin Drought Contingency Plan	250
36	Drought Mitigation (Lake Powell/Upper Basin)	50
37	WaterSMART	400
38	Water Storage, Groundwater Storage, and Conveyance	1,150
39	Desalination	250
40	Large-Scale Water Recycling and Reuse	450
41	Alternative Water Source Projects	125
42	Sewer Overflow and Stormwater Reuse	280
43	Resiliency	250
44	State Response to Contaminants	5,000
45	Watershed Health	100
46	Indian Water Rights Settlements	2,500
47	Indian Reservation Drinking Water Program	250
48	Tribal High Priority Projects	150
49	IHS Sanitation Facilities Construction	3,500
	<u>Natural Resources</u>	
50	Colorado River Endangered Species	50
51	Forest Restoration	660
52	Brownfields	1,500
53	Superfunds	3,500
54	State Geological Surveys	320
55	Orphaned Well Sites	4,275
56	Abandoned Mine Reclamation	11,293
57	Abandoned Hardrock Mine Reclamation	1,500
58	Mineral Security Projects	24
	<u>Severe Weather</u>	
59	Community Wildfire Defense Grants	1,000
60	Wildfire Preparedness Grants	100
61	Southwest Ecological Restoration Institutes	20
62	Emergency Watershed Protection	300
63	Building Resilient Infrastructure and Communities Program	1,000
64	Flood Mitigation Assistance	3,500
	<u>Cybersecurity</u>	
65	Cybersecurity-Related Significant Incidents	100
66	Cyber Response and Recovery Fund Grants	100
	<u>Other</u>	
67	Asset Concessions and Innovative Finance Assistance Program	100
68	Consumer Recycling Education and Outreach	75
69	Stopping Threats on Pedestrians	25
	Total	177,881

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