

Update on Infrastructure Investment and Jobs Act (IIJA) Following Passage by U.S. House

IIJA passes U.S. House on November 5

The Infrastructure Investment and Jobs Act (IIJA), also known by various names like the Bipartisan Infrastructure Bill, passed the U.S. House of Representatives on November 5 by a vote of 228-206. The bill, which passed the U.S. Senate on August 10 by a vote of 69-30, had been caught up in larger spending discussions and internal political struggles between the moderate and progressive portions of the Democrat House membership.

After negotiations concluded on Friday, 13 Republicans stepped forward to support the bill, along with 215 Democrats, with passage finally announced at 11:26 p.m.

What's Next

President Biden has indicated he will sign the bill in a ceremony at a yet-to-be-determined date.

Funding Details

The IIJA authorizes \$1.2T in spending, of which \$550B is “new” spending, or the amount over spending in the current fiscal year. The new (and some of the baseline) highway/transit spending is made possible by a transfer of General Fund dollars of \$90B - \$118B to the Highway Account and \$28B to the Mass Transit Account. (Which brings us to a grand total of \$271.8B in General Fund transfers to date.)

The legislation includes the Senate version of the highway reauthorization bill. Indiana will receive the following formula apportionments in this bill (FY21 is the current year, included for comparison):

FY21	FY22	FY23
\$1,043,122,016	\$1,262,335,681	\$1,287,584,098
FY24	FY25	FY26
\$1,313,337,483	\$1,339,605,935	\$1,366,399,754

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Indiana will receive an additional amount for a new formula bridge replacement program. The program will be based on each state's share of the total cost to replace all bridges in poor condition and rehabilitate all bridges in fair condition. We estimate that Indiana will receive an annual average of \$80M from this program.

Indiana will also receive funding for a new formula-based Electric Vehicle Charging Infrastructure program, likely an average annual \$20M. With the previously mentioned formula dollars and the new bridge and electric vehicle charging dollars, Indiana will see an average increase of \$371M per year for roads and bridges.

While there is significant growth in Indiana's formula dollars, there is even more available in competitive grant funding. How much Indiana may receive from these discretionary programs remains to be seen. Still, there is nearly \$80B available for competitive grant programs, such as large bridge projects, mega-projects, healthy streets, culvert replacement, rural transportation, local assistance, and wildlife crossings, among other things. How quickly a system is put in place to distribute these funds remains to be seen, but the U.S. DOT senior staff has assured BIC they have been working on a streamlined and efficient system for the applicants.

It is important to note that the competitive grant funding comes from a mixture of Highway Trust Fund dollars and dollars, which are dependent on each year's appropriations approval. If the majority party in the House or Senate change during the next five years, there is the possibility that some of that discretionary funding may not be approved in the final budget, as policies and priorities may change.

Looking at the full scope of the legislation, it will likely take some time to fully implement all of the policies, such as electric grid improvement, broadband investment, resilience implementation, clean water funding and environmental remediation.

Implementing the highway piece should be much easier, as the formula dollars and programs are essentially an extension of the current framework.

QUICK NUMBERS

**\$1.2
Trillion**

in spending
IIJA authorizes

**\$550
Billion**

in "new" spending

**\$371
Million**

per year in an average
increase of funding for
roads and bridges
for Indiana

**\$80
Billion**

available in
competitive grant
programs from IIJA

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The final guidance on the new competitive programs will likely take some time. However, as this new funding becomes available, we will continue working with our congressional delegation about the long-term financial stability of the federal highway program. The package represents significant new funding, but there is no long-term funding fix for the Highway Trust Fund in the IIJA. By merely relying on General Fund transfers, it doesn't provide the long-term stable funding that is part of BIC's mission.

One note specific to this year's funding (FY22): While the IIJA provides the authorization for the highway program, the actual spending of the dollars is still dependent on the annual appropriations process.

Each year, Congress passes appropriations bills for the following year by September 30. You may remember that there was no agreement on those bills this past September. To avoid a government shutdown, Congress approved a Continuing Resolution to keep funds going out at last year's level, until those appropriations bills could be agreed upon. We are currently under a Continuing Resolution until December 3. At this time, there is still no agreement, and some have suggested that Congress simply extend the December 3 expiration to the end of the fiscal year and start over for FY23. If this were to occur, highway spending would remain at last year's levels (FY21) instead of increasing to the amounts authorized in IIJA. We will continue to monitor this and update you as events occur.

BIC is dedicated to ensuring our members have up-to-date information on the latest trends and policies shaping the road and bridge industry. Our team will be closely tracking further developments and implementation of the IIJA. Please contact BIC Executive Director Brian Gould with any questions at bgould@buildindianacouncil.org.

Brian Gould

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