

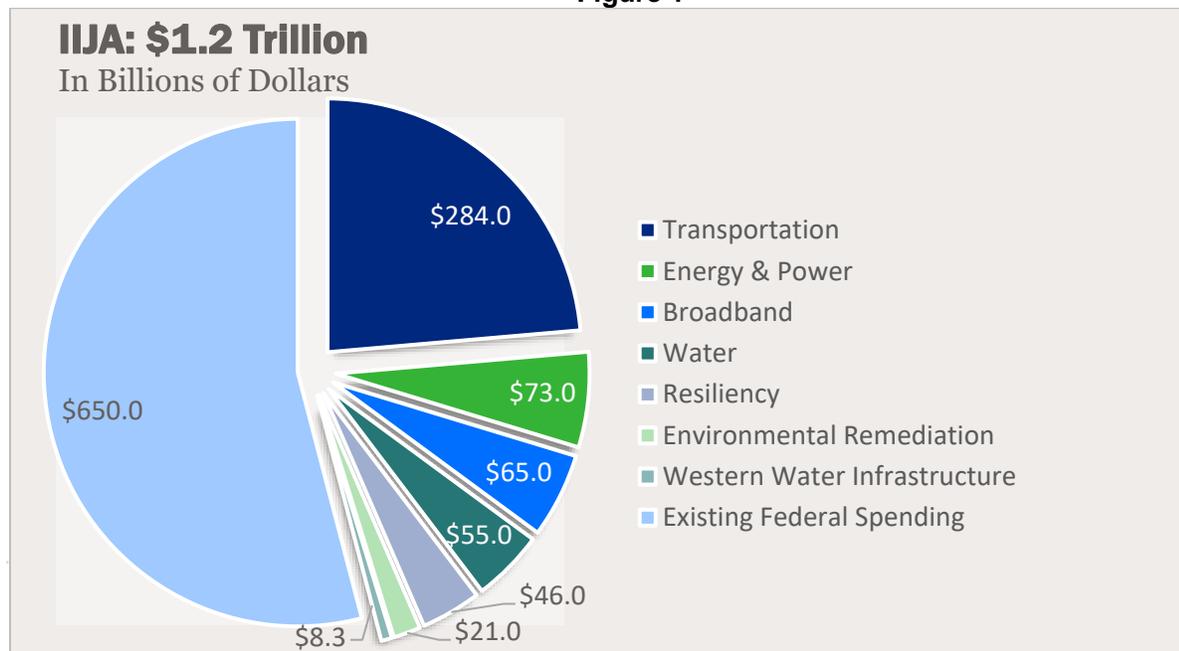
**SENATE FISCAL AGENCY  
 MEMORANDUM**

**DATE:** December 17, 2021  
**TO:** Members of the Michigan Senate  
**FROM:** Ben Dawson, John Maxwell, Elizabeth Raczkowski, and Michael Siracuse, Fiscal Analysts  
**RE:** Infrastructure Investment and Jobs Act (IIJA)

On November 15, 2021, President Biden signed H.R. 3684, which then became the Infrastructure Investment and Jobs Act. This memorandum is intended to provide clarity regarding the IIJA and to provide data to inform the members of the Michigan Senate.

The IIJA is not a stimulus bill. It does not provide large sums of Federal dollars to states with wide discretion on spending priorities, like the CARES Act or the ARP Act.<sup>1</sup> The \$1.2 trillion IIJA does create new Federal spending programs and priorities; however, most of the Federal spending in the IIJA is dedicated to existing Federal programs, but at larger levels than in the past. Of the \$1.2 trillion in Federal spending contained in the bill, \$650.0 billion of that amount is a reauthorization of existing Federal spending, mostly through the Fixing America's Surface Transportation (FAST) Act, which was about to expire. The remaining \$550.0 billion in spending includes increases to existing Federal programs and new infrastructure programs created in the IIJA.

**Figure 1**



Source: "Legislative Analysis for Counties: The Infrastructure Investment & Jobs Act", National Association of Counties. Retrieved on 12-8-2021.

States are not eligible for all \$1.2 trillion of the IIJA's Federal dollars; roughly \$590.0 billion will be spent by the Federal government directly. Of the remaining nearly \$610.0 billion for which states are eligible, \$468.0 billion is expected to be distributed to states by formulas established by the Federal government. Senate Appropriations Subcommittee members likely will see these increases in Federal infrastructure-related funding reflected in the annual budget recommendation expected in February 2022. Substantial increases likely will be included in the Department of Transportation (MDOT) and the Department of Energy, Great Lakes, and Environment (EGLE) budget recommendations. Other departments could see smaller increases. Michigan's share of state-eligible aid is listed in [Appendix A](#), below.

<sup>1</sup>Coronavirus Aid, Relief, and Economic Security Act, PL 116-136; American Rescue Plan, PL 117-2.

The remaining \$142.0 billion of Federal aid for which states are eligible is available through competitive grant programs. The State should pay particular attention to these funding opportunities, because states are not automatically entitled to this aid. It is likely to take coordination between the Legislature and the Administration to identify State projects that will qualify for this aid and subsequently apply for it, particularly for new competitive-aid programs created under the IIJA. [Figure 2](#), below, demonstrates how state-eligible aid is broken up into formula- and grant-based (i.e., competitive) programs.

**Figure 2**



Source: "FFIS State Funding in IIJA", Federal Funds Information for States, updated December 7, 2021.

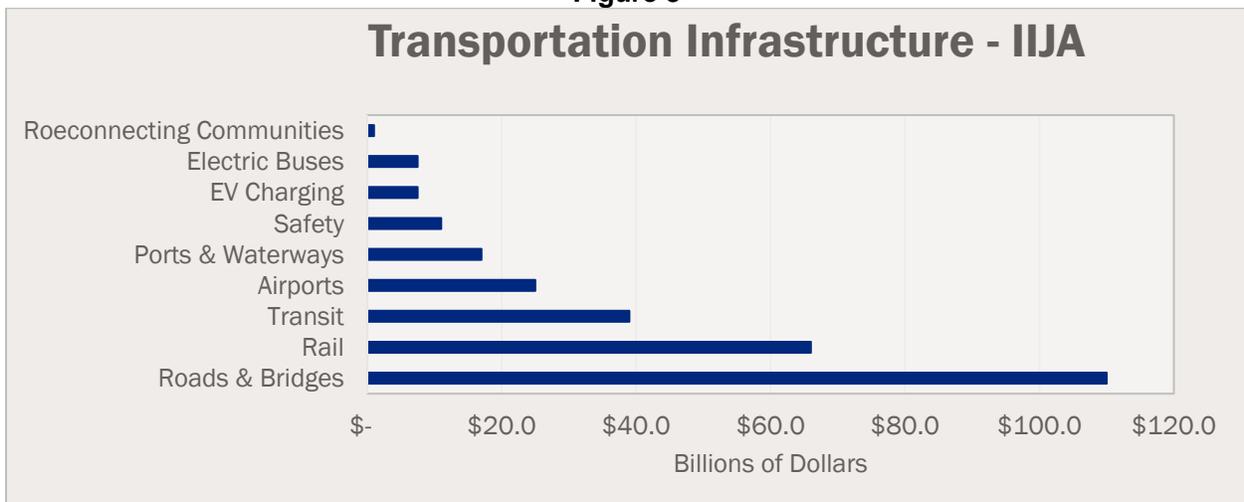
A listing of all competitive-aid grant programs and the amounts of funding available for states is in [Appendix B](#), below.

There has been, already, a substantial amount of confusion at the Federal, State, and local level and among independent organizations regarding the structure of the IIJA. It is possible that new employee positions will have to be added at the State and Federal levels to manage all of the funds and new programs the Act creates. The Department of Transportation and EGLE may seek to increase FTEs to assist in the acquisition and distribution of these funds in their next annual budgetary requests. Given the vast and expansive Federal spending opportunities at stake, specific infrastructure projects may need to be considered so that appropriate Federal funding may be sought under the IIJA.

**Transportation**

The increased transportation funding identified in [Figure 1](#) at \$284.0 billion, is further broken down in [Figure 3](#), below, by category.

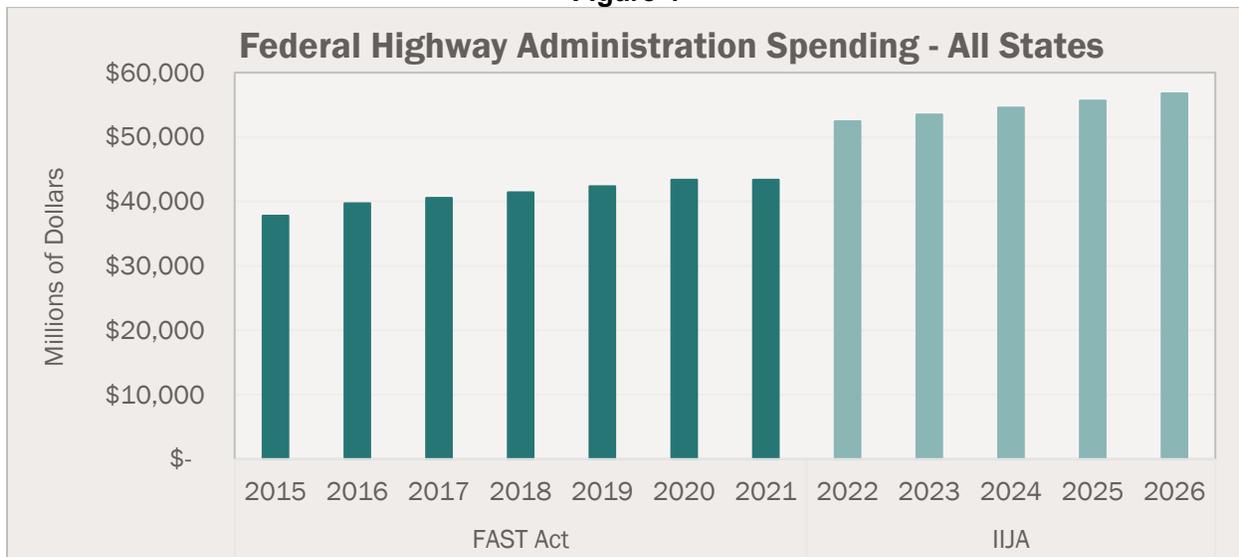
**Figure 3**



Source: "FFIS State Funding in IIJA", Federal Funds Information for States, updated December 7, 2021.

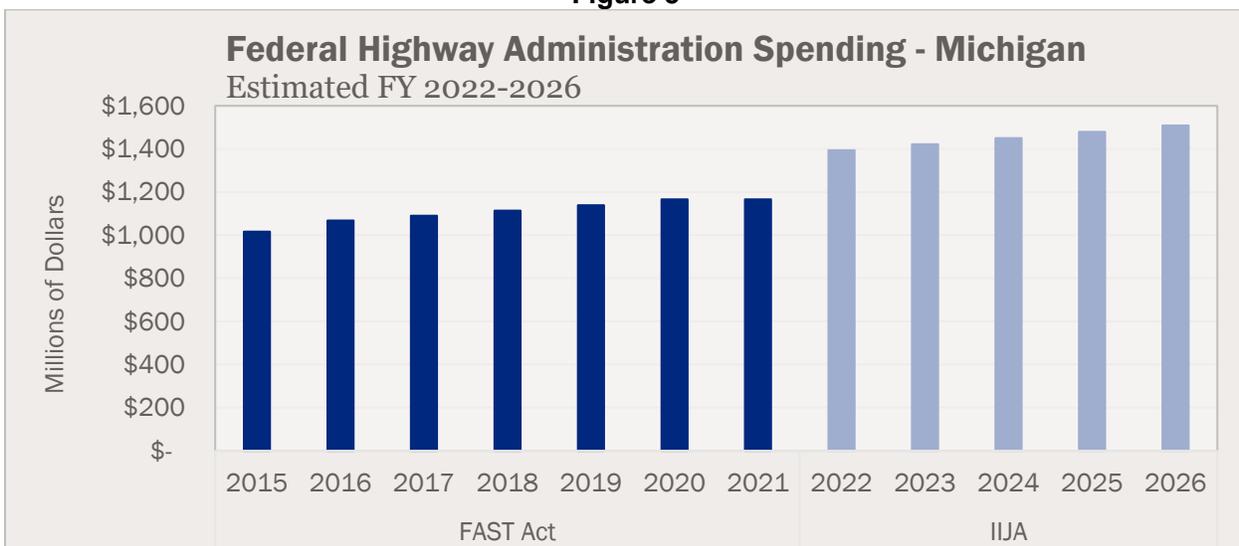
The largest impact of the IIJA for transportation purposes is in Federal Highway Administration (USDOT-FHWA) formula distributions. These distributions were previously authorized under the FAST Act, which was intended to expire in September of 2020. It was extended one year with the intention that a new Federal infrastructure bill would replace it for fiscal years 2022 through 2026. The IIJA continues this funding without interruption and increases formula-based distributions through seven key programs: National Highway Performance, Surface Transportation Block Grant, Highway Safety Improvement, Railway-Highway Crossings, Congestion Mitigation and Air Quality, Metropolitan Planning, and National Freight. In addition to maintaining and increasing Federal funding for these programs, the IIJA also introduces two new programs that will provide nearly \$14.0 billion nationwide in additional formula-based funding for states: the Carbon Reduction Program and the Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Program. All nine of these programs are formula-based and provide at least an 80% Federal match for qualifying projects. A comparison of FAST Act versus IIJA funding is provided below in [Figure 4](#) and [Figure 5](#). As shown in Figure 5, Michigan's share of these formula-based distributions to states will be \$227.9 million more in FY 2021-22 than it was in FY 2020-21.

**Figure 4**



Source: "FFIS State Funding in IIJA", Federal Funds Information for States, updated December 7, 2021.

**Figure 5**



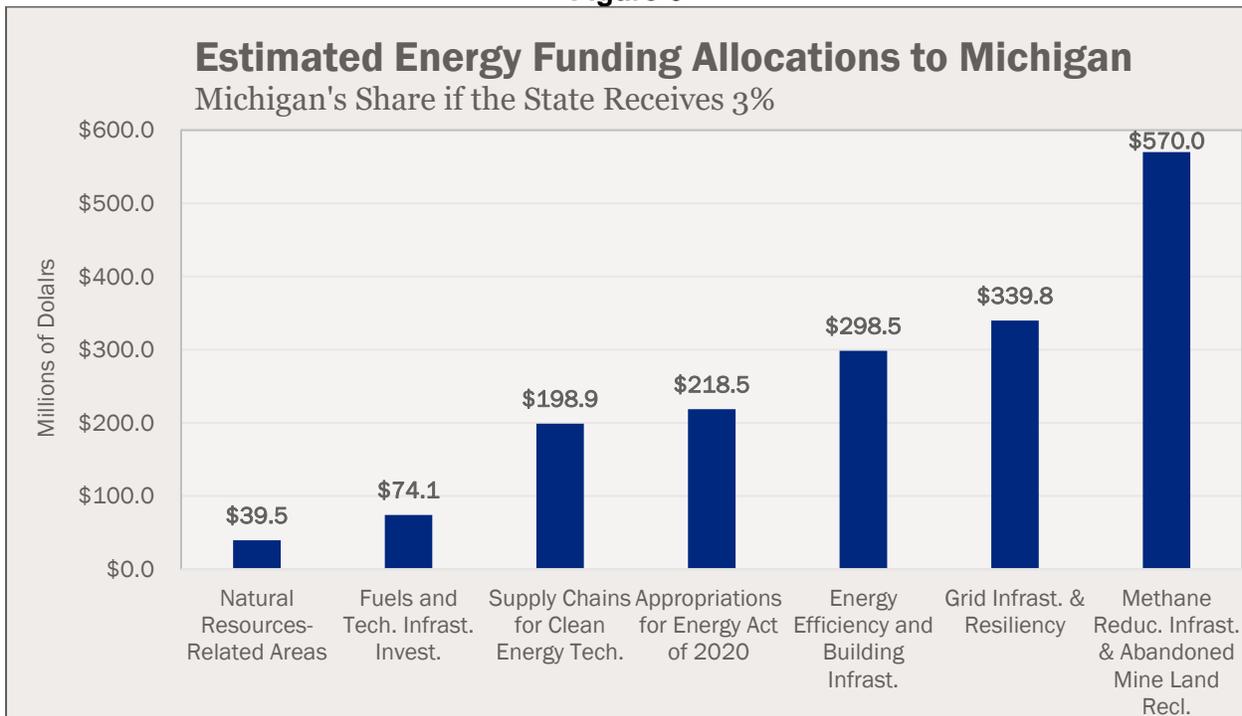
Source: "FFIS State Funding in IIJA", Federal Funds Information for States, updated December 7, 2021.

In addition to highway funding, the IIJA provides funding for transit, airports, and rail. Formula-based funding for public transportation systems will increase by roughly 30% starting in FY 2021-22. Airports within Michigan will be eligible for increased infrastructure funding of approximately \$350.0 million over the next five years. This funding typically can be used for improving runways, towers, terminals, and for noise-reduction projects. These funds will need to be appropriated, and a request likely could come from the budget recommendation process. Amtrak will receive \$22.0 billion for nationwide passenger service, of which a small portion may come to Amtrak routes through Michigan. Given the amount of Federal funding Amtrak will receive in comparison with Michigan's current contribution to operating costs, it may be appropriate for MDOT to examine its current agreement to cover those costs. Michigan also is eligible to receive \$5.0 billion in safety improvements and \$3.0 billion for grade crossings for freight rail over the next five years.

**Energy, Water, Broadband, & Miscellaneous Funding**

The IIJA includes 68 programs summarized here as energy-related, which are organized across eight different subsections and represent approximately \$57.4 billion in funding. The subsections cover a wide variety of programs including, but not limited to, grid infrastructure, supply chains, clean energy technologies, and energy efficiency, etc. One item to highlight is the Weatherization Assistance Program previously funded at \$19.1 million in FY 2021-22. The IIJA is estimated to provide Michigan funding for multifamily units in excess of \$235.0 million over the next five years. [Figure 6](#) provides an estimate by subsections of what a 3.0% award in funding would look like for Michigan as an increase over 5 years. Most formula-based Federal distributions are based on population. Michigan's population is roughly 3% of the national total. In the absence of available data, the estimate of a 3.0% award of nationwide funding amounts is appropriate.

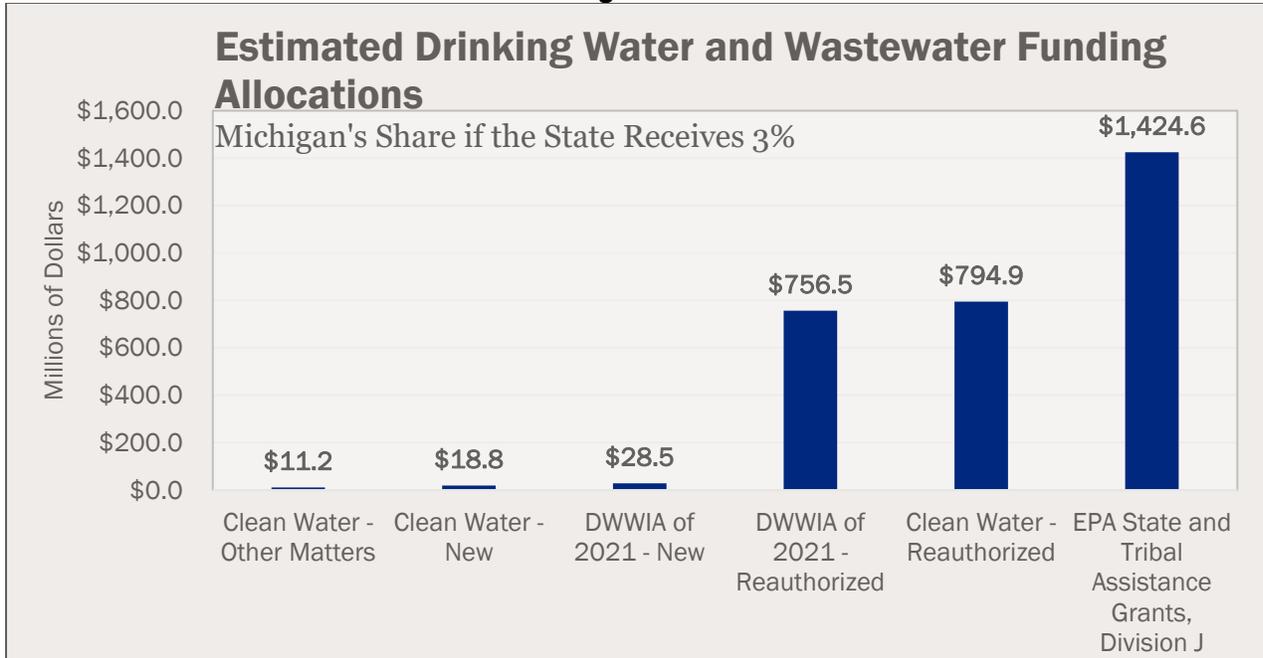
**Figure 6**



Sources: Reese, Matthew and Howard, Marcia, "Energy Funding in the Infrastructure Investment and Jobs Act", *Federal Funds Information for States Issue Brief 21-12*, 9-22-2021.

The IIJA includes 27 programs summarized here as water-related, which are organized across six different subsections and represent approximately \$107.5 billion in funding. The subsections cover a wide variety of projects including, but not limited to, clean and drinking water, wastewater, sewer overflow, stormwater, lead service line replacement, PFAS contamination, etc. [Figure 7](#) is an estimate of what a 3.0% award in funding would look like for Michigan as an increase over 5 years.

Figure 7

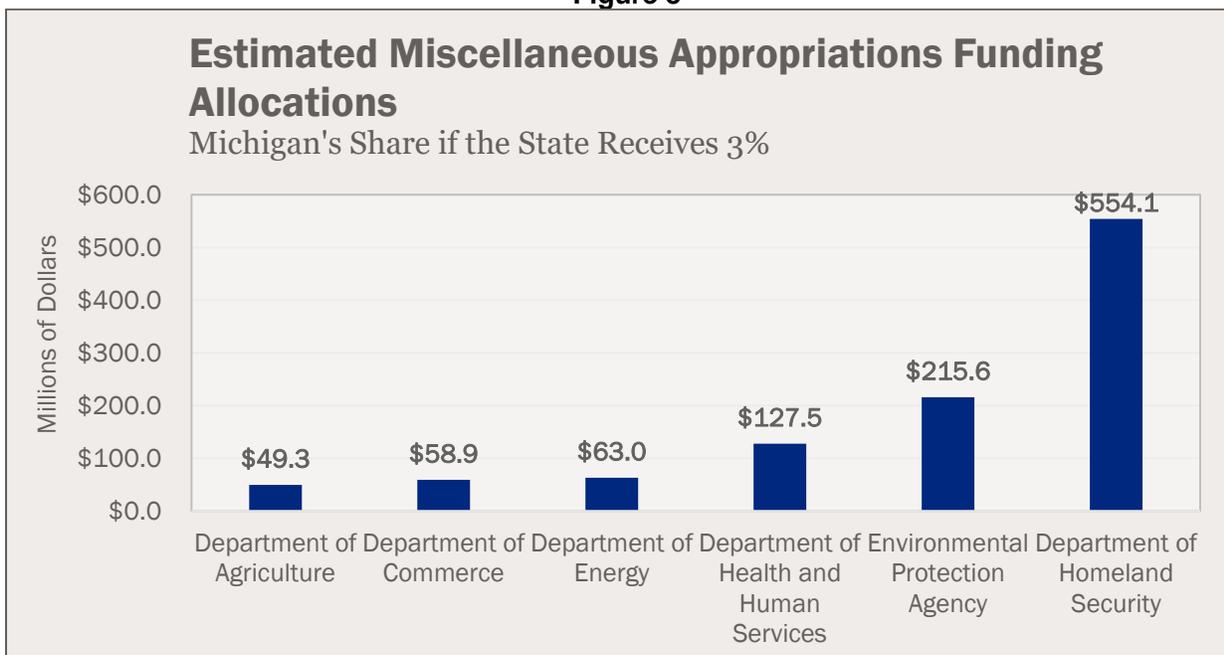


Sources: Olson, Andrew and Forsberg, Ken, "Drinking Water and Wastewater Funding in the Infrastructure Investment and Jobs Act", *Federal Funds Information for States Issue Brief 21-17*, 10-15-2021.

The IJJA also provides several million dollars in grant opportunities for Michigan in the areas of cybersecurity, broadband access for underserved communities, and digital equity capacity across urban and rural communities.

The IJJA includes 25 programs summarized here as miscellaneous funding, which are organized across seven different subsections and represent approximately \$35.6 billion in funding. The subsections cover a wide variety of programs including, but not limited to, agriculture, commerce, energy, homeland security, etc. [Figure 8](#) provides an estimate of what a 3.0% award in funding would look like for Michigan as an increase over 5 years.

Figure 8



Sources: Tomsic, Trinity and Olson, Andrew, "Miscellaneous Appropriations in the Infrastructure Investment and Jobs Act", *Federal Funds Information for States Issue Brief 21-18*, 10-21-2021.

Details on any program are available upon request to the Senate Fiscal Agency. The quick identification of specific infrastructure projects and communication of those funding to the needs to the administration will be imperative to Michigan's capacity to take full advantage of this Federal infrastructure act.

Attachment

\mw

c: Kathryn Summers, Director  
Joe Carrasco, Jr., Associate Director



**Michigan's Share of State Eligible Aid under the IIJA (\$ in Thousands)**

<b>Federal Department</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2022-2026</b>
<b><u>DOT - FTA</u></b>						
Transit Formula Grants	194,861	198,840	204,051	208,280	213,593	1,019,626
<b><u>EPA</u></b>						
Clean Water State Revolving Funds: Existing Program	77,203	90,327	98,572	106,776	106,776	479,653
Clean Water State Revolving Funds: Addressing emerging contaminants	4,053	9,215	9,215	9,215	9,215	40,913
Drinking Water State Revolving Funds: Existing program	44,075	51,567	56,274	60,958	60,958	273,833
Drinking Water State Revolving Funds: Lead service line replacement	69,408	70,145	70,145	70,145	70,145	349,988
Drinking Water State Revolving Funds: Addressing emerging contaminants	18,509	18,705	18,705	18,705	18,705	93,330
Assistance for Small and Disadvantaged Communities	21,663	21,663	21,663	21,663	21,663	108,316
<b>Grand Total</b>	<b>\$2,083,289</b>	<b>\$1,892,001</b>	<b>\$1,936,184</b>	<b>\$1,977,454</b>	<b>\$2,009,937</b>	<b>\$10,580,632</b>

Source: "FFIS State Funding in IIJA", Federal Funds Information for States, updated December 7, 2021.

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
Div. J, 60305	DOC	Digital Equity Competitive Grant Program	\$1,250,000	Appropriations	Yes
Div. J, 60401	DOC	Middle Mile Grants	\$1,000,000	Appropriations	Yes
Div. J, 41007	DOE	Advanced solar energy manufacturing initiative	\$20,000	Appropriations	
Div. J, 40207	DOE	Battery Manufacturing and Recycling Grants	\$3,000,000	Appropriations	Yes
Div. J, 40207	DOE	Battery Material Processing Grant Program	\$3,000,000	Appropriations	Yes
Div. J, 40207	DOE	Battery Recycling Research, Development and Demonstration Grants	\$60,000	Appropriations	Yes
Div. J, 40302	DOE	Carbon Utilization Program	\$310,141	Appropriations	Yes
Div. J, 40511	DOE	Cost-effective implementation of updated building energy codes	\$225,000	Appropriations	Yes
Div. J, 40201	DOE	Earth Mapping Resource Initiative	\$320,000	Appropriations	Yes
Div. J, 40208	DOE	Electric drive vehicle battery recycling and second-life applications program	\$200,000	Appropriations	Yes
Div. J, 40503	DOE	Energy Auditor Training Grant Program	\$40,000	Appropriations	Yes
Div. J, 40552	DOE	Energy Efficiency and Conservation Block Grant	\$550,000	Appropriations	
Div. J, 41001	DOE	Energy Storage Demonstration Projects and Pilot Grant Program	\$355,000	Appropriations	
Div. J, 40334	DOE	Pumped Storage Hydropower Wind and Solar Integration and System Reliability Initiative	\$10,000	Appropriations	Yes
Div. J, 41007	DOE	Solar energy technology program activities	\$40,000	Appropriations	
Div. J, 41007	DOE	Solar energy technology recycling research, development, and demonstration program	\$20,000	Appropriations	
Div. J, 40207	DOE	State battery collection, recycling, and reprocessing programs	\$50,000	Appropriations	Yes
Div. J, 40534	DOE	State Manufacturing Leadership	\$50,000	Appropriations	Yes
Div. J, 40103	DOE	Upgrading Our Electric Grid and Ensuring Reliability and Resiliency	\$5,000,000	Appropriations	Yes

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
Div. J, 41007	DOE	Wind energy technology program activities	\$60,000	Appropriations	
Div. J, 41007	DOE	Wind energy technology recycling research, development, and demonstration program	\$40,000	Appropriations	
Div. J, 40901	DOI	Aquatic ecosystem restoration and protection projects	\$250,000	Appropriations	
Div. J, 40905, 40901	DOI	Large-scale water recycling and reuse projects	\$450,000	Appropriations	Yes
Div. J, 41003	DOI	Mineral Security Projects - National Geological and Geophysical Data Preservation Program	\$23,668	Appropriations	
Div. J, 40907	DOI	Multi-benefit projects to improve watershed health	\$100,000	Appropriations	Yes
Div. J, 40601	DOI	Orphaned well site plugging, remediation, and restoration - Initial state grants	\$775,000	Appropriations	Yes
Div. J, 40601	DOI	Orphaned well site plugging, remediation, and restoration - State performance grants (matching and regulatory improvement)	\$1,500,000	Appropriations	Yes
Div. J, 40804	DOI	State and tribal restoration projects on federal land (good neighbor agreements) (DOI)	\$40,000	Appropriations	
Div. J, 40804	DOI	Voluntary Ecosystem Restoration Projects	\$400,000	Appropriations	Yes
Div. J, 40901	DOI	Water desalinization projects and studies	\$250,000	Appropriations	
Div. J, 40901	DOI	Water recycling and reuse projects	\$550,000	Appropriations	
Div. J, 40902, 40901	DOI	Water storage, groundwater storage, and conveyance projects	\$1,050,000	Appropriations	
Div. J, 40901	DOI	Watershed financial assistance	\$100,000	Appropriations	
Div. J, 40901	DOI	WaterSMART Grants	\$400,000	Appropriations	
71001	DOT	Asset Concessions and Innovative Finance Assistance	\$100,000	Treasury Dept. Transfer	Yes
Div. J, 11118	DOT - FHWA	Bridge Investment Program (Competitive Appropriations)	\$9,235,000	Appropriations	Yes
11101, 11118	DOT - FHWA	Bridge Investment Program (Contract Authority)	\$3,265,000	Contract Authority	Yes

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
11101, 11401	DOT - FHWA	Charging and Fueling Infrastructure Grants	\$2,500,000	Contract Authority	Yes
11101, 11404	DOT - FHWA	Congestion Relief Program	\$250,000	Contract Authority	Yes
11101, 13001, 13002	DOT - FHWA	Highway Research and Development Program	\$735,000	Contract Authority	
11101, 11127	DOT - FHWA	Nationally Significant Federal Lands and Tribal Projects (Federal Lands Facilities)	\$137,500	Contract Authority	
Div. J, 11110	DOT - FHWA	Nationally Significant Freight and Highway Projects (INFRA) (Appropriations)	\$3,200,000	Appropriations	
11101, 11110	DOT - FHWA	Nationally Significant Freight and Highway Projects (INFRA) (Contract Authority)	\$4,800,000	Contract Authority	
11101, 11204	DOT - FHWA	Prioritization Process Pilot Program	\$50,000	Contract Authority	Yes
11101, 11405	DOT - FHWA	PROTECT At-risk Coastal Infrastructure Grants	\$140,000	Contract Authority	Yes
11101, 11405	DOT - FHWA	PROTECT Community Resilience and Evacuation Route Grants	\$140,000	Contract Authority	Yes
11101, 11405	DOT - FHWA	PROTECT Planning Grants	\$140,000	Contract Authority	Yes
11101, 11405	DOT - FHWA	PROTECT Resilience Improvement Grants	\$980,000	Contract Authority	Yes
Div. J, 11509	DOT - FHWA	Reconnecting Communities Pilot Program: Capital Construction Grants (Appropriations)	\$400,000	Appropriations	Yes
11101, 11509	DOT - FHWA	Reconnecting Communities Pilot Program: Capital Construction Grants (Contract Authority)	\$350,000	Contract Authority	Yes
Div. J, 11509	DOT - FHWA	Reconnecting Communities Pilot Program: Planning Grants (Appropriations)	\$100,000	Appropriations	Yes
11101, 11509	DOT - FHWA	Reconnecting Communities Pilot Program: Planning Grants (Contract Authority)	\$150,000	Contract Authority	Yes
11101, 11132	DOT - FHWA	Rural Surface Transportation Grant Program	\$2,000,000	Contract Authority	Yes

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
11101, 13006	DOT - FHWA	Technology and Innovation Deployment Program	\$550,000	Contract Authority	
11101, 12001, 12002	DOT - FHWA	Transportation Infrastructure Finance and Innovation	\$1,250,000	Contract Authority	
11101, 11123	DOT - FHWA	Wildlife Crossings Pilot Program	\$350,000	Contract Authority	Yes
Div. J	DOT - FMCSA	Commercial Driver's License Program Implementation (Appropriations)	\$80,000	Appropriations	
23001	DOT - FMCSA	Commercial Driver's License Program Implementation (Contract Authority)	\$217,500	Contract Authority	
Div. J, 23003, 23004	DOT - FMCSA	High Priority Program (Appropriations)	\$132,500	Appropriations	
23001, 23003, 23004	DOT - FMCSA	High Priority Program (Contract Authority)	\$300,000	Contract Authority	
23004	DOT - FMCSA	Immobilization Grant Program		Contract Authority	Yes
Div. J, 22103, 22303	DOT - FRA	Consolidated Rail Infrastructure and Safety Improvements	\$5,000,000	Appropriations	
Div. J, 22106, 22307	DOT - FRA	Federal-State Partnership for Intercity Passenger Rail Grants (Formerly State of Good Repair)	\$36,000,000	Appropriations	
Div. J, 22104, 22305	DOT - FRA	Railroad Crossing Elimination Program	\$3,000,000	Appropriations	Yes
Div. J, 22105, 22304	DOT - FRA	Restoration and Enhancement Grants	\$250,000	Appropriations	
Div. J	DOT - FTA	All Stations Accessibility Program	\$1,750,000	Appropriations	Yes
30017, 30018	DOT - FTA	Bus and Bus Facilities (Competitive)	\$1,966,392	Contract Authority	
Div. J, 30018	DOT - FTA	Bus and Bus Facilities Low and No Emissions (Appropriations)	\$5,250,000	Appropriations	
30017, 30018	DOT - FTA	Bus and Bus Facilities: Low and No Emissions (Contract Authority)	\$374,551	Contract Authority	
Div. J, 30005, 30017	DOT - FTA	Capital Investment Grants	\$8,000,000	Appropriations	
30017, 30016	DOT - FTA	Competitive Grants for Rail Vehicle Replacement	\$1,500,000	Contract Authority	Yes

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
Div. J, 71103	DOT - FTA	Ferry Service for Rural Communities	\$1,000,000	Appropriations	Yes
30017	DOT - FTA	Innovative Coordinated Access and Mobility	\$24,103	Contract Authority	
30017, 30009	DOT - FTA	Pilot Program for Transit-oriented Development Planning	\$68,865	Contract Authority	
30017, 30007	DOT - FTA	Public Transportation Innovation	\$192,821	Contract Authority	
Div. J, 24108	DOT - NHTSA	Crash Data	\$750,000	Appropriations	Yes
24101, 24103, 25024	DOT - NHTSA	Highway Safety Research and Development	\$970,000	Contract Authority	
Div. J, 21202	DOT - Secretary	Local and Regional Project Assistance (RAISE Program): Rural Grants	\$3,750,000	Appropriations	Yes
Div. J, 21202	DOT - Secretary	Local and Regional Project Assistance (RAISE Program): Urbanized Grants	\$3,750,000	Appropriations	Yes
Div. J, 21203	DOT - Secretary	National Culvert Removal, Replacement, and Restoration Grants	\$1,000,000	Appropriations	Yes
Div. J, 21201	DOT - Secretary	National Infrastructure Project Assistance	\$5,000,000	Appropriations	Yes
Div. J, 25005	DOT - Secretary	Strengthening Mobility and Revolutionizing Transportation Grant Program	\$500,000	Appropriations	Yes
Div. J	EPA	Brownfields projects	\$1,200,000	Appropriations	
Div. J, 71101	EPA	Clean School Bus Program	\$5,000,000	Appropriations	Yes
Div. J, 70402	EPA	Consumer Recycling Education and Outreach Grant Program	\$75,000	Appropriations	Yes
Div. J	EPA	Pollution Prevention technical assistance grants	\$100,000	Appropriations	
Div. J	EPA	Post-Consumer Materials Management Infrastructure Grant Program	\$275,000	Appropriations	
Div. J, 40306	EPA	Secure Geologic Permitting State Grants	\$50,000	Appropriations	Yes
Div. J	USDA	Rural e-Connectivity (ReConnect) Broadband Pilot, Broadband Loans	\$2,000,000	Appropriations	

**Competitive Grants Programs Offered Under IIJA (\$ in thousands)**

---

<b>Section(s)</b>	<b>Agency</b>	<b>Program</b>	<b>FY 2022-2026</b>	<b>Funding Type</b>	<b>New?</b>
Div. J, 40804	USDA	State and tribal restoration projects on federal land (good neighbor agreements) (USDA)	\$160,000	Appropriations	
Div. J	USDA	State Fire Assistance	\$88,000	Appropriations	

---