
FISCAL ISSUE BRIEF



**The Federal Infrastructure
Investment and Jobs Act
(IIJA)**

Office of Senate Counsel, Research, and Fiscal Analysis

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The federal [Infrastructure Investment and Jobs Act \(IIJA\)](#) was enacted on November 15, 2021. This act authorizes or re-authorizes substantial funding for surface transportation, aviation, energy, water and wastewater systems, cybersecurity, and broadband. Overall, the IIJA authorizes \$1.2 trillion in funding, of which \$550 billion is new spending, to be allocated to states and other entities through formula apportionments or competitive grants to improve infrastructure throughout the country. The \$1.2 trillion is a combination of: (1) the reauthorization of many existing federal funding programs at the previous year's funding levels; (2) substantial multi-year funding increases in those existing programs; and (3) new funding programs.

This fiscal issue brief is an initial summary of IIJA funds that Minnesota is estimated to receive, based on currently available information. In addition, the brief will describe individual funding programs within the IIJA, including, where known, program criteria and federal funding share. All fiscal estimates provided in this brief are dollars that will be allocated over five years, unless otherwise noted. Minnesota's estimated share of IIJA funds, as specified in this brief, are for formula funding programs. Federal infrastructure funds that will be awarded as competitive grants cannot be estimated per state at this time and will be presented in this brief as national totals, for which all eligible recipients may apply.

Because the IIJA was recently enacted and further federal guidance on its programs is still forthcoming, this fiscal issue brief is only an initial summary of the projected allocations for Minnesota. The brief will be updated as more information become available.

This brief includes references to federal fiscal years (FFY), which begin on October 1 and end on September 30. Federal funding allocations discussed in this document may be different when converted to state fiscal years in Minnesota.

The table below represents the total formula allocations from the IIJA that Minnesota is estimated to receive and is divided by major program area.

Infrastructure and Investment Jobs Act Projected Minnesota Formula Allocations <i>(dollars in millions)</i>	
Purpose/Program	Minnesota Allocation*
TRANSPORTATION	
National Highway Performance Program	\$2,457.0
Surface Transportation Block Grant	\$1,196.8
Highway Safety Improvement Program	\$246.0
Railway-Highway Crossings	\$33.0
Congestion Mitigation and Air Quality	\$182.7
National Highway Freight Program	\$117.7
Metropolitan Transportation Planning	\$31.4
Carbon Reduction Program	\$106.7
Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program (formula portion only)	\$121.3
Bridge Investment Program (formula portion only)	\$302.1
National Electric Vehicle Formula Program	\$68.2
Construction of Ferry Boats and Ferry Terminal Facilities Program	\$6.1
Transit Formula Grants	\$820.3
DRINKING WATER AND WASTEWATER INFRASTRUCTURE	
Water Infrastructure	\$680.0
ENERGY	
State Energy Program	\$10.1
Energy Efficiency Revolving Loan Fund	\$2.0
Weatherization Assistance Program	\$144.8
Low Income Home Energy Assistance Program	TBD
CYBERSECURITY	
State and Local Cybersecurity Grant Program	\$17.9
BROADBAND	
Broadband Equity, Access, and Deployment State Grants (formula)	At least \$100.0

**All funding amounts are totals for FFY 2022 through FFY 2026, except for the State and Local Cybersecurity Grant Program, which is FFY 2022 through FFY 2025.*

TRANSPORTATION

The IIJA succeeds the previous federal five-year transportation funding act, the [Fixing America's Surface Transportation \(FAST\) Act](#), which has been operating under a one-year extension. The IIJA increases formula apportionment funding for federal-aid programs by approximately 30 percent compared to the FAST Act, including several new apportionment programs. In addition, the IIJA authorizes several new discretionary (competitive) grant programs supporting all modes of transportation.

In total, the IIJA will provide the United States Department of Transportation (USDOT) with \$567.5 billion. These funds will be distributed to states, local governments, and other entities through both formula apportionments and competitive grants, administered through the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Aviation Administration (FAA), among others.

State and local funding match requirements vary per program, but an 80 percent federal funding share is assumed in most areas, based on previous federal transportation funding. Where known, different federal share percentages are noted.

HIGHWAYS

Formula Funding

The IIJA reauthorizes state apportionment funding for the ongoing federal-aid formula programs: National Highway Performance, Surface Transportation Block Grant, Highway Safety Improvement, Railway-Highway Grade Crossings, Congestion Mitigation and Air Quality, National Highway Freight, and Metropolitan Transportation Planning. In addition, the bill adds four new formula funding programs: the Carbon Reduction Program, the PROTECT Program, the Bridge Program, and the National Electric Vehicle Program (details below). Minnesota is estimated to receive \$4.8 billion in total formula funding over five years (FFY 2022-2026) through these programs (see table for amount per program). This total includes re-authorized amounts as well as new program authorizations.

Carbon Reduction Program

Under this new program, Minnesota will receive \$106 million for projects to reduce transportation emissions. Of this total, 65 percent is for grants to counties and other local governments on a per-capita basis. Eligible projects include traffic management, public transportation, bicycle and pedestrian facilities, congestion management technologies, and alternative fuel vehicle deployment projects (including charging infrastructure), among several others. As part of this program, the state must develop a carbon reduction strategy within two years and update it every four years.

Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program

This new formula program is expected to provide \$121 million to Minnesota for infrastructure resilience improvement projects that address vulnerability to the effects of extreme weather and natural disasters. Highway, transit, and port projects are eligible uses for these funds. In addition to these formula funds, the IIJA authorizes \$1.4 billion for competitive PROTECT program grants to be awarded to state and local governments for eligible highway, transit, passenger rail, and port projects.

Bridge Program

Minnesota will receive an estimated \$302.1 million in formula funding for bridge replacement, rehabilitation, preservation, protection, and construction. Of that amount, 15 percent (\$45.3 million) is designated for off-system bridges (outside of the federal-aid highway system), at 100 percent federal funding share. In addition to this dedicated formula funding for bridges, the IIJA also authorizes \$12.5 billion for competitive grants through the Bridge Investment Program.

National Electric Vehicle Program

The IIJA also contains funding for the new National Electric Vehicle Program to deploy electric vehicle charging infrastructure. Minnesota is estimated to receive \$68.2 million under this program, which requires states to submit plans on how the funds will be used.

Competitive Grant Funding

The IIJA significantly increases the number of FHWA-administered competitive grant programs for state, local, and tribal governments. Project criteria and funding match requirements will vary per program, and further federal guidance is expected shortly. This is a non-exhaustive program list, including the total nationwide funding authorized in the IIJA:

- Bridge Investment Program (\$12.5 billion)
- Nationally Significant Freight and Highway Projects (INFRA) Program (\$8 billion in new funding)
- Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants (\$7.5 billion)
- Strengthening Mobility and Revolutionizing Transportation (SMART) Grants (\$500 million)
- Rural Surface Transportation Grants (\$2 billion)
- Safe Streets and Roads for All Grants (\$5 billion)
- Charging and Fueling Infrastructure Grants (\$2.5 billion)
- Congestion Relief Program (\$250 million)
- Reduction of Truck Emissions at Port Facilities Grants (\$400 million)
- Reconnecting Communities Pilot Program (\$1 billion)
- Wildlife Crossings Pilot Program (\$350 million)

TRANSIT

The IIJA authorizes funding from the Highway Trust Fund's Mass Transit Account for existing transit formula apportionment programs, including Urbanized Area Formula Grants, Rural Transit and Intercity Bus, Bus and Bus Facilities, and Enhanced Mobility of Seniors and Individuals with Disabilities. Minnesota is expected to receive \$820.3 million in total transit formula funding over five years, an increase of approximately 30 percent from the last year of the FAST Act funding. Further information about the distribution of funding between metropolitan and greater Minnesota transit systems is forthcoming from the FTA.

In addition, the IIJA contains funding for competitive transit grant programs, including (amounts shown are nationwide totals authorized in the act):

- Capital Investment Grants (\$23 billion), for fixed guideway investment, including corridor-based bus rapid transit;
- Bus and Bus Facilities Grants (\$2 billion), which is available in addition to state formula funding for this purpose; and
- Low and No Emissions Vehicles Grants (\$5.6 billion), for purchase or lease of low-emission and no-emission transit buses.

MULTIMODAL TRANSPORTATION

The IIJA authorizes significant multi-year funding for various programs for airports, highway safety, motor carrier safety, rail, and multimodal infrastructure. Minnesota's share of most of these funding programs is not yet known.

Significant areas of multimodal funding contained in the IIJA include (amounts are nationwide totals unless otherwise noted):

- \$912 million in formula funding for the construction of ferry boats and ferry terminal facilities, of which Minnesota is expected to receive \$6.1 million. These funds are administered by the FHWA and are distributed to states and ferry systems;
- \$15 billion for Airport Infrastructure Grants, \$5 billion for the Airport Terminal Program, and \$5 billion for Facilities and Equipment Grants, all of which are generally awarded by the Federal Aviation Administration directly to local airport operating authorities;
- Appropriations for the Federal Railroad Administration, including competitive grants of \$5 billion for Consolidated Rail Infrastructure and Safety Improvements and \$3 billion for the new Railroad Crossing Elimination Program;
- Funding under the Maritime Administration, including \$2.3 billion for the Port Infrastructure Development Program; and
- \$1 billion in competitive grants for the modernization of natural gas distribution pipelines under the Pipeline and Hazardous Materials Safety Administration.

DRINKING WATER AND WASTEWATER INFRASTRUCTURE

Minnesota is expected to receive approximately \$680 million over five years under the IIJA to address drinking water and wastewater infrastructure needs. This amount includes resources provided to the state and to local governments. The act reauthorizes and funds existing and new programs with a variety of aims, including replacing aging water infrastructure, connecting underserved communities to public water systems, and reducing lead in drinking water. While specific amounts that will be allocated to and within Minnesota have not yet been determined, the bulk of the appropriations enacted in the IIJA are for the Drinking Water State Revolving Loan Fund, which capitalizes revolving loan funds that states use to make loans to local governments for upgrading water infrastructure systems. State matching funds are required, though the specific amounts and terms have not yet been outlined.

ENERGY

The IIJA authorizes and funds various existing and new programs related to energy. While competitive funding will be available to states through numerous grant programs, there are four programs that will provide direct allocations to Minnesota:

State Energy Program

Minnesota will receive \$10.1 million over five years through this program, to fund various initiatives overseen by the Minnesota Department of Commerce's energy resources division.

Energy Efficiency Revolving Loan Fund

Minnesota will receive \$2 million to capitalize a revolving loan fund to finance energy efficiency initiatives coordinated by the Department of Commerce.

Weatherization Assistance Program

\$144.8 million will be allocated to Minnesota through this existing program, which reduces energy costs for low-income households by increasing the energy efficiency of their homes.

Low Income Home Energy Assistance Program (LIHEAP)

An undetermined amount will be allocated to Minnesota for LIHEAP, which is an existing program that provides direct financial assistance to low-income households to pay energy bills and perform weatherization and related home repairs.

CYBERSECURITY

The IIJA creates the State and Local Cybersecurity Grant Program, which will provide grants to states to address cybersecurity risks. Minnesota is expected to receive \$17.9 million over four years for this program, of which 80 percent (\$14.3 million) is required to be allocated to local units of government as grants. Further, 25 percent (\$3.6 million) of the local government grants must be provided to rural areas of the state. Grantees must use the funds to bolster the security of internet networks and must develop a cybersecurity plan in collaboration with local governments. The IIJA requires an initial federal cost share of 90 percent, diminishing by 10 percentage points each subsequent year, which necessitates state or local matching funds. However, the program also allows the federal government to waive or modify the federal cost share requirement for grantees that demonstrate economic hardship.

BROADBAND

The IIJA provides funding to four existing broadband programs: the Federal Communications Commission's (FCC) Affordable Connectivity Fund (previously named the Emergency Broadband Connectivity Fund under the Consolidated Appropriations Act), the U.S. Department of Agriculture's Rural e-Connectivity Broadband Pilot Program (ReConnect), broadband loans under the Rural Electrification Act, and the National Telecommunications and Information Administration's (NTIA) Tribal Broadband Connectivity Program. The Affordable Connectivity Fund will subsidize broadband services to households while the ReConnect program, broadband loans, and Tribal Broadband Program will be distributed competitively.

Additionally, the new law authorizes and funds four new broadband programs: the Broadband Equity, Access, and Deployment State Grant Program; the State Digital Equity Capacity Grant Program; the Digital Equity Competitive Grant Program; and the Middle Mile Grant Program (details below).

Broadband Equity, Access, and Deployment State Grant Program

Under this program, each state is estimated to receive an initial appropriation of \$100 million. In addition, \$32 billion will be distributed to states by formula, based on the state's share of unserved locations (as defined by federal law). An additional \$4.2 billion will also be distributed by formula to states, based on each state's share of unserved locations in high-cost areas. "High-cost areas" are those areas where the cost of building out broadband service is higher than average, as determined by factors including remote location, lack of population density, topography, or poverty rates.

The funds allocated under this program can be used to award competitive subgrants for the installation of internet and wi-fi infrastructure in unserved and underserved areas, data collection and mapping, and providing internet-capable devices. The program requires states to match 25 percent of project costs, except in high-cost areas, for which no match is required.

State Digital Equity Capacity Grant & Digital Equity Competitive Grant Programs

This program will distribute \$300 million by formula each year through FFY 2026 to states, territories, and tribes for promoting digital equity and inclusion. The formula will be primarily based on population but will also consider each state's broadband availability. Minnesota's allocation is yet to be determined. In addition, the new Digital Equity Competitive Grant program will offer \$250 million in competitive grants each year through FFY 2026 to coincide with and support the goals of the State Digital Equity Capacity Grant Program. Awardees must match 10 percent of the projects, unless waived in cases of financial need.

Middle Mile Grant Program

This grant program will distribute \$1 billion through FFY 2026 under a competitive grant process available to states, tribes, and various planning and economic development authorities. The funding is for the expansion and extension of broadband infrastructure. The amount of a middle mile grant must not exceed 70 percent of total project costs.

Questions

For questions about this issue brief, please contact the fiscal analyst for the appropriate funding area:

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