



Oregon

Kate Brown, Governor

Oregon Transportation Commission

Office of the Director, MS 11

355 Capitol St NE

Salem, OR 97301-3871

DATE: November 9, 2021

TO: Oregon Transportation Commission



FROM: Kristopher W. Strickler
Director

SUBJECT: **Agenda Item F** – *Update on the Federal Infrastructure Bill*

Requested Action:

Receive an update on the status of newly adopted Federal Infrastructure Investment and Jobs Act of 2021 (IIJA).

Background:

On November 5, the U.S. House passed the Infrastructure Investment and Jobs Act of 2021 (IIJA). This \$1.2 trillion bill will make a substantial investment in the nation's infrastructure and economic competitiveness. With the IIJA, Congress and the Administration have not limited infrastructure solely to transportation infrastructure. Indeed, the IIJA directs significant funding to improving clean drinking water infrastructure, expanding access broadband, modernizing the electrical grid, and more. Of the \$1.2 trillion in total IIJA funding, the US Department of Transportation (USDOT) will receive \$567 billion over the next five years to invest in the nation's transportation infrastructure.

While the IIJA includes hundreds of billions of dollars in new spending for transportation infrastructure programming, it also includes a five-year reauthorization of federal highway, transit, and rail programs. The current federal surface transportation authorization, the FAST Act, technically expired in 2020, and Congress kept it in effect by extending it twice for short periods. Reauthorizing the FAST Act was a must-do for Congress this year regardless of whether any sort of an infrastructure package was possible. While \$567 billion is an enormous number for transportation infrastructure, \$293.5 billion of that is simply the cost of extending the FAST Act for next five years at flat funding levels rather than new money. Thankfully, Congress also included an additional \$89.8 billion in the IIJA to add funding and some new programming to that surface transportation authorization. Additionally, the IIJA includes \$184.1 billion in new one-time infrastructure stimulus type funding.

Oregon can expect to receive an additional \$1 billion in federal funding for highway programs over the five years of the bill, a 38 percent increase over the prior authorization. Much of the core existing federal formula programs for highways continue under this bill, however, the IIJA does create some new highway funding programs and increases funding for existing programs. New programs include those for reducing carbon emissions and for increasing the resilience of the transportation system. Substantial increases for safety programs, transportation alternatives, and other programs that benefit local governments are also included in this portion of the IIJA.

The IIJA's \$184.1 billion in one-time infrastructure stimulus money primarily benefits the highway side of the system through two new programs. Through the Bridge Investment Program, Oregon can expect to receive \$53.6 million annually for five years for investing in bridges. This quarter of a billion dollars is one-time money given to the state in five equal installments over the course of the bill. Similarly, the National Electric Vehicle Formula Program will provide the state with five equal installments of \$10.4 million annually to invest in expanding charging infrastructure for electric vehicles.

Transit programs in Oregon will receive an additional \$200 million over the five-year bill, a 35 percent increase over the previous authorization. The transit title of the bill came together late in the process, so it proposes fewer changes to the existing program structure. Existing grant programs for the purchase of buses, as well as a separate program for the purchase of low and no emission buses, will see substantial funding increases.

The rail title of the IIJA directs historic levels of funding to Amtrak's Northeast Corridor as well as its National Network. New and expanded grant programs aimed at improving existing passenger rail service and initiating new service are included. The IIJA also creates a new program for eliminating grade crossings.

Competitive grant programs are an enormous part of this bill. Of the \$184.1 billion in one-time infrastructure stimulus funding in the IIJA, USDOT will give out over \$100 billion in the form of competitive grants. There are rail and transit grants as described above. There are new grant program for large bridges and a new multimodal megaprojects grant program. There are also new, larger versions of existing grants like INFRA and RAISE.

Congress has designated much of the new IIJA formula funding received by ODOT for specific purposes (bridges, resilience, carbon reduction, etc.). As a result, the OTC and ODOT will have less discretion over how to invest these funds than in previous STIP cycles. ODOT staff are engaging with the Area Commissions and advisory committees in order to help inform OTC actions on the portion of this funding that is flexible. ODOT will provide this input to the OTC and will return at a future meeting for a discussion on funding allocations.