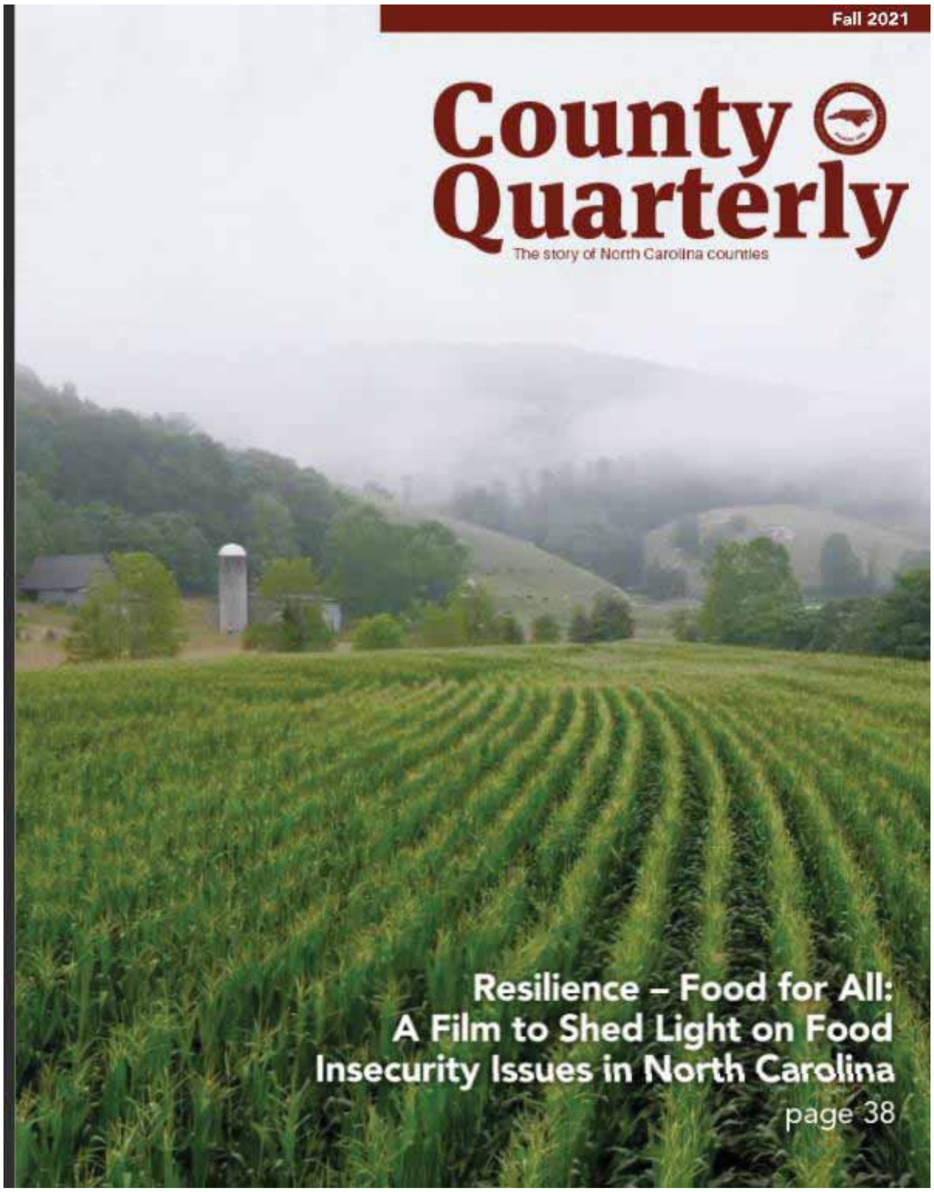
Fall 2021

County Quarterly

The story of North Carolina counties



Resilience – Food for All: A Film to Shed Light on Food Insecurity Issues in North Carolina

page 38

Washington Watch

All the New Federal Funding for Counties

By Leslie Mozingo,
Strategics Consulting

Infrastructure Investment and Jobs Act

This past summer and after a month of ongoing negotiations, 21 Democratic and Republican Senators reached a compromise on what became known as the Infrastructure Investment and Jobs Act (IIJA). North Carolina's U.S. Senators Richard Burr and Thom Tillis were part of the group that reached the deal. The bill passed the U.S. Senate on August 10th (69-30) and the U.S. House of Representatives on November 5th (228-206).

IIJA provides $1.2 trillion over five years (FY22-FY26) that will reauthorize the nation's surface transportation laws and drinking water and wastewater legislation, as well as pour additional billions into new programs for transportation, environmental remediation, public lands, broadband and resilience. In addition to providing authorizations for several programs, which means they are contingent upon the funding levels set by annual appropriations, IIJA also makes guaranteed appropriations to several federal agencies including the Department of Transportation, the Department of Energy and the Environmental Protection Agency (EPA), among others. The guaranteed appropriations used to either increase funding for existing programs or create and fund new programs do not need additional action in the future to be available.

Although NC counties are not responsible for typical surface transportation projects such as roads and bridges, there are transportation provisions that benefit counties. For example, funds are set aside out of the Surface Transportation Block Grant (STBG) program funding for transportation alternatives (TA). These set-aside funds encompass a variety of smaller-scale projects such as pedestrian and bicycle facilities, recreational trails, safe routes to school projects, community improvements such as historic preservation and vegetation management, and environmental mitigation related to stormwater and habitat connectivity. In the IIJA, TA funding is increased substantially with a level now at 10% of STBG program and suballocation is increased from the current 50% to 59%. States may also allocate 100% of its funding to "counties and other local transportation entities" and may use up to 7% of TA funds to "improve the ability of applicants to access funding for projects." IIJA also increases flexibility in calculating federal share under TA.

Additionally, IIJA creates a new competitive grant program, the Active Transportation Infrastructure Investment Program, to construct eligible projects to "provide safe and connected active transportation facilities in an active transportation network or active transportation spine." There is $3 million a year set aside for planning and design grants and 100% federal share is allowed for projects in areas with a poverty rate over 40%.

There is $8.7 billion in a combination of formula and competitive grants under the new Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) grant program. PROTECT is intended to enhance the resiliency of infrastructure assets, including projects to improve coastal infrastructure such as pedestrian walkways, bicycle lanes and associated infrastructure such as culverts and tide gates, as well as evacuation routes.

The IIJA contains billions of dollars for projects other than transportation, and many other provisions that affect counties:

- $67 billion for EPA, most of which goes to capitalize the Clean Water State Revolving Funds and Drinking Water State Revolving Funds, as well as funding for Brownfields cleanup and a Clean School Bus Program.
- $64 billion for broadband that mostly goes through the Department of Commerce, with the bulk of that for deployment grants, and additional funding for Tribal connectivity, digital equity grants, and "middle mile" deployment. The Federal Communications Commission also receives significant funding to help make broadband more affordable.
- $7 billion for FEMA, the majority of which goes to the National Flood Insurance Fund and disaster recovery funding, such as $1 billion for the Building Resilient Infrastructure and Communities (BRIC) program.
- $2.5 billion to establish a new competitive grant program for accessible electric vehicle charging and infrastructure and alternative fueling infrastructure.
- Extends the Secure Rural Schools program for three years.
- Increases the cap on Private Activity Bonds from $15 billion to $30 billion.
- Fully funds the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) Act, which would allow state and local governments to utilize low interest loans for pre-disaster mitigation activities.
- Significantly expands Buy America requirements for covered infrastructure materials.
- Codifies elements of the Trump Administration's "One Federal Decision" that would require one federal agency to be responsible for issuing a decision resulting from a National Environmental Policy Act (NEPA) review, among other reforms, such as limiting the allowable number of pages for a decision.
- Authorizes $3.5 billion for the Weatherization Assistance Program in FY22.

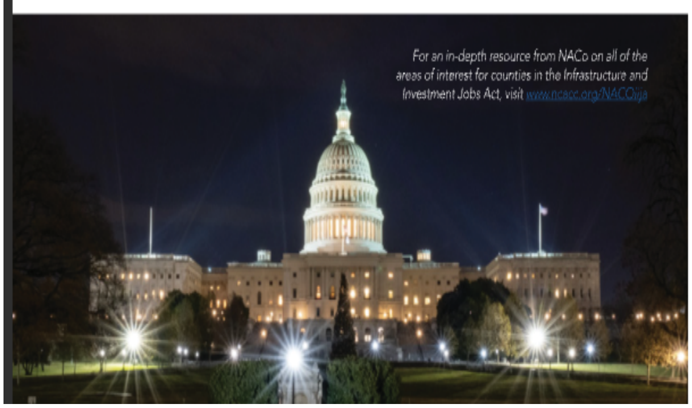
- $5 billion for a new grant program to support activities that reduce the likelihood and consequence of impacts to the electric grid due to extreme weather, wildfire and natural disaster.
- Establishes a new State and Local Cybersecurity grant program.

All of the above only scratches the surface for everything in the IIJA, so it is recommended that NC counties review the details provided by the National Association of Counties at www.naco.org/resources/legislative-analysis-counties-infrastructure-investment-jobs-act.

Build Back Better

Congress is debating a budget reconciliation bill of social programs and climate policy known as the Build Back Better Act (BBBA). The $1.75 trillion package passed the House (220-213) on November 19th, but faces a difficult path in the Senate where undoubtedly more changes will be made. If passed, changes in the bill would then require the package to return to the House for another vote. Although the items provided in this description are subject to change, they are considered fairly safe for making it through into the final package. The provisions of interest to counties are many, for example:

- $3.36 billion for FY22 (available until 2030) to the Economic Development Administration (EDA) to develop regional growth clusters; $240 million slated for energy communities that seek to diversify away from fossil fuels; $240 million for FY22-27 for grants for technical assistance, project predevelopment, capacity building, stakeholder engagement, and grant writing for EDA projects (with 50% to underserved communities); and $1.2 billion for new EDA Recompete Pilot Program grants to support local communities with "persistent economic distress and labor market dislocation."
- $873 million for Rural Partnership Program grants for planning and implementing rural development and pre-development projects, and an additional $90 million for Rural Prosperity Innovation Grants to build rural nonprofit capacity.



For an in-depth resource from NACo on all of the areas of interest for counties in the Infrastructure and Investment Jobs Act, visit www.ncacc.org/NACOiija

- $1 billion for the Rural Energy for America Program (REAP) for renewable and energy efficiency project grants.
- $100 million for FY22-FY26 for National Park Service (NPS) urban parks and outdoor recreation grants.
- $25 million through 2026 for NPS Historic Preservation Fund grants.
- $500 million in FY22 until expended and $1.35 billion for disadvantaged communities for EPA grants to address combined sewer overflow and stormwater reuse.

Additionally, the legislation includes funding for affordable housing, small businesses, carbon reduction, neighborhood access and equity grants, greenhouse gas reduction, environmental remediation, local building energy upgrades, energy community financing, job training, and a whole lot more.

NACo has prepared a complete analysis of the BBBA, which may be viewed at naco.org/resources/featured/buildbackbetter.

Flexibility for ARPA Funding Pending Passage

The bipartisan State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act would provide additional flexibility for the Coronavirus State and Local Fiscal Recovery Fund (Recovery Fund) authorized under the American Rescue Plan Act (ARPA). On October 19th, the U.S. Senate passed the bill by unanimous consent, and companion legislation has been introduced in the U.S. House of Representatives. The House bill currently has numerous cosponsors, equally split between Democrats and Republicans, so the bill should be able to pass easily. National groups are encouraging local governments to ask their Members of Congress to cosponsor the legislation and seek its passage quickly. Key highlights include:

- Allows the greater of $10 million or 30 percent of a government's total ARPA Recovery Fund allocation to be spent on current and new transportation infrastructure-related activities and Community Development Block Grant projects.
- Allows up to $10 million for the provision of government services without having to go through a complicated "revenue loss" calculation.
- Allows ARPA Recovery Funds, with no limit, to be used for providing emergency relief from natural disasters or the negative economic impacts of natural disasters, including temporary emergency housing, food assistance, financial assistance for lost wages, or other immediate needs.
- Requires these new uses of ARPA Recovery Funds to still be obligated by December 31, 2024, but expended by September 24, 2026.

Get it While You Can

It is obvious that federal funding like this — on top of the trillions of dollars in the Families First Act, CARES Act, and ARPA in particular — come along literally only once in a lifetime. Therefore, it is imperative that NC counties track down all the federal dollars available and take on a proactive strategy for pursuing them. CQ

About the author: Leslie Mozingo, CEO and Owner of Strategics Consulting, is a federal relations consultant to NCACC. For more information, contact Leslie at (202) 255-5760, leslie@strategics.consulting, or visit www.strategics.consulting.