



Federal Update January 13, 2022

Serge Phillips, MnDOT Federal Relations Manager

Current Congressional Priorities

- Nov. 15 Congress passes IIJA
- Appropriations – Continuing Resolution through February 18.
- Build Back Better negotiations
- Debt Ceiling negotiations



Infrastructure Investment and Jobs Act (IIJA) - Highway

- Highway Reauthorization Funding:
 - **Highway Condition Needs:** Mn five-year highway apportionment is \$4.5 billion
 - Core Highway programs were retained (NHPP, STPBG, HSIP, CMAQ)
 - Another \$300 million over five years in formula bridge money
 - 90% of highway funding provided to states via formula programs
 - **Safety:** \$300 million/5 yrs (HSIP), funding increase (vision zero inspired), wider eligibility
 - **New programs:** carbon reduction, resiliency, equity, broadband, Electric Vehicle and Charging and Fueling Infrastructure

Highway Funding for Roads and Bridges Estimates for Minnesota

Federal Highway Formula Funding Levels (millions)

Federal Formula Program		2021	2022		2023	2024	2025	2026	
		Actual (FAST Act)	IIJA Estimate	Increase over FAST Act	IIJA Estimate	IIJA Estimate	IIJA Estimate	IIJA Estimate	Increase over FAST Act
National Highway Performance ^{F4}	NHPP	408	462	53	470	478	486	495	87
Surface Transportation Block Grant	STBG	194	225	30	229	233	237	241	47
Highway Safety Improvement ^{F4}	HSIP	51	63	12	64	66	67	68	18
Rail Highway Crossings	RHCP	7	7	(0)	7	7	7	7	(0)
Congestion Mitigation/Air Quality	CMAQ	30	31	1	32	32	33	34	3
National Highway Freight	NHFP	22	20	(2)	20	21	21	22	(0)
Metro Planning	PLAN	5	6	1	6	6	6	7	2
State Planning & Research ^{F5}	SPR	14	16	2	16	17	17	17	3
Carbon Reduction	CRP		18	18	19	19	20	20	20
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation	PROTECT		21	21	21	22	22	23	23
Sub Total ^{F1}		730	868	138	884	900	916	933	203
Highway Infrastructure Program	HIP	23							
Bridge Replacement/Rehab	BFP		60	60	60	60	60	60	60
National EV Charging	NEVFP		14	14	14	14	14	14	14
Sub Total ^{F2}		23	74		74	74	74	74	
Grand Total		753	942		958	974	990	1,007	

F1 - Subject to Annual Appropriation process as limitation in 2021 was 90% of Highway Formula Funding Level

F2 - Not limited by the Annual Appropriation process, 100%

F3 - All Estimated information based on tables provided by AASHTO

F4 - Includes Section 164 penalty (DWI or DUI repeat offender) adjustments

F5 - State Planning & Research for 2022-2026 will be 2% of the core programs.

3/21/2022

Estimated IJA Impacts to Federal Programs

Federal Highway Formula Funding Levels (millions)

Federal Formula Program		MnDOT	Local	2021 FAST Act	2022 IJA	2022-2026 5-Year Change	Investment Description
National Highway Performance ^{F4}	NHPP	99%	1%	408	462	17%	Performance based investments on the Interstate and National Highway System (NHS) for pavements, bridges, and reliability
Surface Transportation Block Grant:							
Federal-aid System	STBG	40%	60%	173	200	15%	Pavement, bridge, and other roadside infrastructure investments on non-NHS highways and local federal-aid roads (county roads and city streets)
Transportation Alternatives	STBG-TA		100%	16	18	19%	Small scale investment for bike and pedestrian facilities, Safe Routes to School, scenic byways, and historic preservation
Off-System Bridges	BROS		100%	6	7	18%	Bridge investments for non-federal-aid roads (township and local roads)
Highway Safety Improvement:							
Safety Program	HSIP	30%	70%	37	46	31%	Safety infrastructure investments on MnDOT highways, county roads, and city streets
Section 164 Penalty ^{F4}	SEC164	80%	20%	14	17	26%	Safety infrastructure and non-infrastructure investments on MnDOT highways, county roads, and city streets and Department of Public Safety enforcement efforts
Rail Highway Crossings	RHCP	10%	90%	7	7	(2%)	Safety investments at highway-railroad grade crossings
Congestion Mitigation/Air Quality	CMAQ		100%	30	31	6%	Investments to improve air quality
National Highway Freight	NHFP	30%	70%	22	20	(4%)	Freight investments selected through statewide solicitation
Metro Planning	PLAN		100%	5	6	28%	Required funding for Metropolitan Planning Organization (MPO) planning
State Planning & Research ^{F5}	SPR	100%		14	16	20%	Required funding for research and state planning/program management
Increase in Core Formula Programs						18%	

Federal Highway Formula Funding Levels (millions)

Federal Formula Program		MnDOT	Local	2021 FAST Act	2022 IJA	2022-2026 5-Year Change	Investment Description
Carbon Reduction	CRP	tbd	tbd	0	18	100%	NEW PROGRAM - Investments to reduce transportation emissions or development of carbon reduction strategies
Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation	PROTECT	tbd	tbd	0	21	100%	NEW PROGRAM - Investments to make existing infrastructure more resilient or efforts to move infrastructure to nearby locations not continuously impacted by extreme weather and natural disasters
Sub Total ^{F1}				730	868	23%	
Bridge Replacement/Rehab	BFP	82%	18%	0	60	100%	NEW PROGRAM - Increased investments in bridge preservation, including 15% for off-system bridges
National EV Charging	NEVFP	tbd	tbd	0	14	100%	NEW PROGRAM - Investments to build a network of EV chargers to facilitate long-distance travel and provide charging options.
Sub Total ^{F2}				0	74	100%	
Grand Total				730	942	34%	

F1 - Subject to Annual Appropriation process as limitation in 2021 was 90% of Highway Formula Funding Level

F2 - Not limited by the Annual Appropriation process, 100%

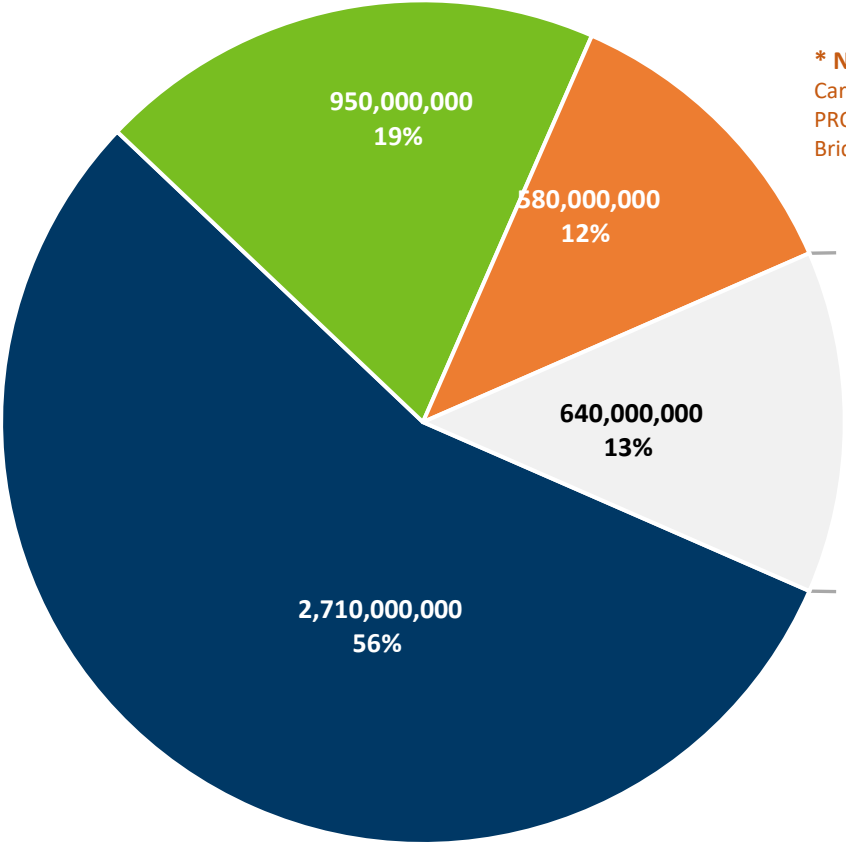
F3 - All Estimated information based on tables provided by AASHTO

F4 - Includes Section 164 penalty (DWI or DUI repeat offender) adjustments

F5 - State Planning & Research for 2022-2026 will be 2% of the core programs.

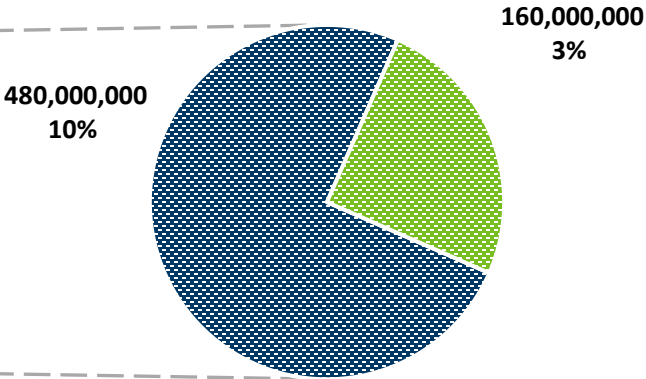
Comparison of FAST Act and IIJA

Five-year (FFY2022-FFY2026)
Estimated Total



Infrastructure Investment and Jobs Act
Bipartisan Infrastructure Law
Estimated Distribution of Formula Program Funds

* New IIJA Programs included
Carbon Reduction Program
PROTECT (Resiliency)
Bridge Program

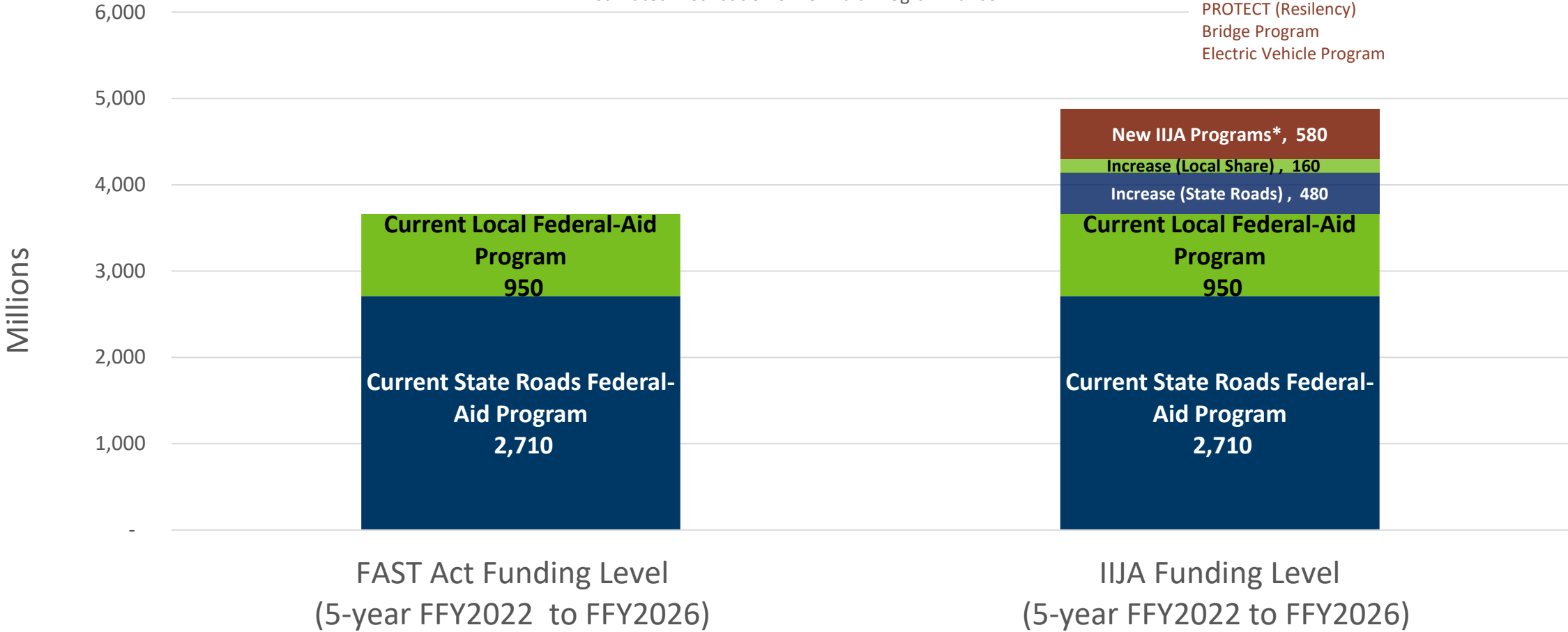


- Current State Roads Federal-Aid Program
- Current Local Federal-Aid Program
- New IIJA Programs*
- Increase (State Roads)
- Increase (Local Share)

Comparison of FAST Act and IIJA

Infrastructure Investment and Jobs Act Bipartisan Infrastructure Law Estimated Distribution of Formula Program Funds

*** New IIJA Programs Included:**
Carbon Reduction Program
PROTECT (Resiliency)
Bridge Program
Electric Vehicle Program



IIJA Discretionary Grants

- US DOT Discretionary Funding – Total five year funding:
 - New: Bridge Investment Program (in addition to bridge formula program) \$12.5 billion
 - Existing: INFRA \$14 billion
 - Existing: Local and Regional Project Assistance Program (old RAISE/BUILD/TIGER) \$7.5 billion
 - New: National Infrastructure Project Assistance (megaprojects) \$5 billion
 - New: Safe Streets and Roads for All (vision zero) \$5 billion
 - New: Charging and Fueling Infrastructure \$2.5 billion
 - New: Rural Surface Transportation Grants \$2 billion

IIJA Discretionary Grants

- (New) Safe Streets and Roads for All: Supports TZD in Minnesota
 - Comprehensive safety action plan (planning grant)
 - Planning, design, and development activities for infrastructure projects identified in a comprehensive safety action plan
- (New) Charging and Fueling Infrastructure: Define alternative fuel corridors and establish a process to regularly redesignate them
 - Set-aside (50%) to install EV charging and alternative fueling infrastructure
- (New) Rural Surface Transportation Grants:
 - $\leq 10\%$ for grants to small projects ($< \$25M$); 25% for designated routes of the ADHS; and 15% for projects in States with higher than average rural roadway lane departure fatalities

IIJA Discretionary Grants

- (New) National Infrastructure Project Assistance Program (“Mega-projects”)
 - For projects on NHS or National Highway Freight Network (NHFN).
 - 50% of grant funding for projects more than \$100 M but less than \$500 M, and 50% for projects costing \$500 M or more
- (New) Bridge investment program: to improve bridges and culverts
 - At least 50% of funding reserved for certain large projects
 - Different process for funding projects \leq \$100 M cost
 - Sets aside \$40M per FY for Tribal transportation bridges

New IIJA – Bridge Program

New \$27.5 billion formula-based FHWA bridge program with General Fund appropriations

- Eligible uses include bridge replacement, rehabilitation, preservation, protection, or construction
- 75% distributed by state share of “poor bridges”
- 25% distributed by state share of “fair bridges”
- ~\$300 million for MN
- 15% per state off-system set-aside at 100% federal share

New IJA Climate and Resiliency Programs

- New Highway formula programs:
 - Carbon reduction - \$107 million/5 yrs.
 - New formula carbon reduction program to reduce transportation greenhouse gas emissions 65% suballocated by population. States must develop a carbon reduction strategy within two years.
 - PROTECT (resiliency) - \$121 million/5yrs. This section also contains grant programs.
 - Healthy Street Program: grants for cool and porous pavements,
 - Reconnecting Communities Program: planning grants up to \$2 million and capital construction grants up to \$5 million to redress historic inequities.

IIJA – Electric (EV) Charging National Network

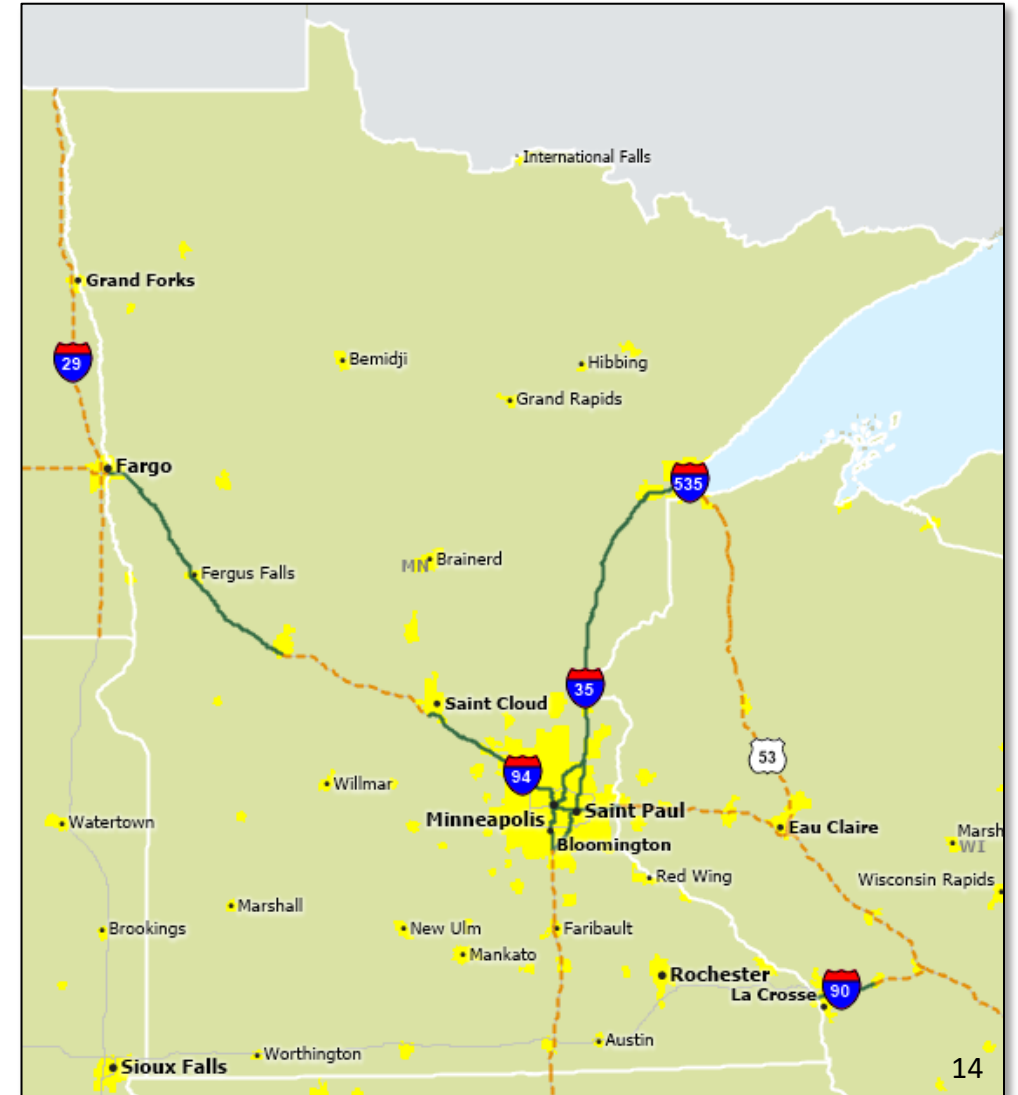
Creates a new EV charging program with estimated \$68 million for Minnesota and broadband

- Eligible uses include EV charging infrastructure acquisition, installation, operation, maintenance, and data sharing
- State DOT plans required on use of funding for each fiscal year 2022 to 2026; if actions are not taken, funds could be reallocated to localities; if not, distributed to other states
- **Minnesota Impacts: decisions on ROW, procurement, Buy America provisions**

National EV Formula Program (Formula + Discretionary)

Current Alternative Fuel Corridor designations:

- 35: Corridor Ready; Duluth to Bloomington
- 35: Corridor Pending; Bloomington to IA
- 94: Corridor Ready; Moorhead to Alexandria, Saint Cloud to WI
- 94: Corridor pending; Alexandria to Saint Cloud



Funding for Transit / Active Transportation

IJA provides \$820 million for Minnesota in formula transit funding:

- Public transit formula-supported funding grows by 31%.
- These resources can be used for programs such as bus grants (\$2.3 billion nationally) and capital and station improvements
- \$21.3 billion (nationally) in for Capital Investment Grants and for certain formula programs

Impact of IIJA on Greater Minnesota Transit

Discretionary (Competitive) Programs

- Federal Transit Administration (FTA) Low and No Emission Bus Programs (\$5.6B, expanded)
 - Competitive funding to state and local governmental authorities for the purchase or lease of zero-emission and low emission transit buses as well as acquisition, construction, and leasing of required supporting facilities
- FTA Buses and Bus Facilities Competitive Program (\$2B, expanded)
 - Provides competitive funding to states and direct recipients to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities

IJA Freight Highlights

- The National Freight Strategic Plan is updated to include best practices for reducing environmental impacts, potential impacts of the freight system on rural and historically disadvantaged communities, and strategies for decarbonization.
- Allows the designation of more miles as critical rural freight corridors and critical urban freight corridors.
- State may use $\leq 30\%$ (10% under current law) of NHFP funding on freight intermodal or freight rail projects, subject to certain restrictions

How will IJA Funding be used?

- US DOT/ FHWA guidance forthcoming
- Extensive Public engagement and outreach
- State statutorily defined project selection policy

Next Steps

- December 16 workshop at the Chaska Event Center hosted by the Minnesota Transportation Alliance and MnDOT was an initial outreach gathering event.
- Congress still must appropriate funds within the framework of IIJA, but without appropriations language that reflect IIJA. With the continuing resolution's extension of FAST Act levels of funding to February 18, 2022, different modes face different challenges.
 - Highway contract authority apportionment is already on the books, and the full year's worth of formula apportionments will be made available to state DOTs as soon as next week, so project planning can occur. However, construction contracts will be limited until a full-year appropriations bill is enacted.
 - Mass Transit and National Highway Traffic Safety Administration projects have to have one dollar of new obligation for every new dollar of contract authority in order to function properly.
- Minnesota will also need state legislative authority to spend most federal funds. Almost all federal funds also require at least a 20% state or local match. MnDOT will work closely with state lawmakers to secure needed matching funds during the 2022 legislative session.

State / Local Match Requirements (Cont. 3)

All amounts in table below reflect rough estimates in millions:

Program	Federal Funds/Year	State/Local Match
FHWA – MnDOT (@70%)	\$166M	\$41M (@20%)
FHWA – Locals (@30%)	\$71M	\$18M (@20%)
FAA	\$60M	\$7M (@10%)
FTA – MnDOT portion only	\$13M	\$7M (@36%)
<i>Discretionary programs*</i>	<i>\$450M (@2% of total)</i>	<i>\$112M (@20%)</i>
Grand Total	\$760M	\$185M

****Estimates of Minnesota's portion of the many new and expanded discretionary grant programs are for illustrative purposes only***

Thank you!

Serge Phillips

Sergius.phillips@state.mn.us

651-775-9755