

Infrastructure Investment and Jobs Act and American Rescue Plan Act Compare and Contrast, Agency of Natural Resources

January 18, 2022

In November of 2022, the Infrastructure Investment and Jobs Act or Bipartisan Infrastructure Law (IIJA/BIL) became law, teeing up historic investment in water infrastructure and environmental remediation. This Act comes on the heels of the 2021 American Rescue Plan Act (ARPA), in which Congress allocated \$1.9 trillion to address economic impacts due to the COVID-19 pandemic.

While both initiatives provide transformational funding in Vermont, they are not interchangeable. Specifically, ARPA provides \$170 million for water, sewer, and stormwater infrastructure funding for economically disadvantaged communities to help protect them from future crises or to remediate impacts caused by the pandemic. IIJA brings \$360 million to fund water and sewer infrastructure, with a focus on drinking water. In addition IIJA/BIL provides state forestry agencies funding to support healthy, resilient forests. The Department of Forests, Parks, and Recreation (FPR) will receive approximately \$2.5 million over the next five years to tackle some of the most pressing issues facing our forests. IIJA/BIL is approved by the federal government and will be allocated to States based on the Federal agencies' annual granting schedules. Importantly, all BIL funding is assigned to existing Catalog of Federal Domestic Assistance (CFDA) numbers – meaning that it is additional funding going into existing programs and augmenting existing funding sources.

IIJA/BIL funding does not have pandemic-related eligibility requirements nor are state provided latitude for it to be fungible to other focus areas of work.

Differences	American Rescue Plan Act (ARPA)	Infrastructure Investment and Jobs Act (IIJA)
Act intent	Recovery from pandemic	Massive investment into national infrastructure including natural infrastructure (i.e. forests)
Covid Recovery Nexus	Covid nexus required	No Covid nexus required
Intended Impact	Funds designated to help fund projects with few other funding source options and projects that will have a timely and transformative impact.	Funds for specific infrastructure projects, often to support infrastructure that has not been adequately funded for decades. Funds for ecosystem restoration.
Funding amounts	\$170M for grants for Vermont	\$347M in State Revolving Loan Funds (SRF). \$2.5M for forest ecosystem restoration.
Funding for	<ul style="list-style-type: none"> • Combined stormwater overflow (CSO) abatement • 3-acre stormwater projects • Village drinking and wastewater systems • Pre-treatment systems • On-site septic and well replacements • Mobile home community drinking/wastewater 	<ul style="list-style-type: none"> • Drinking water infrastructure, including replacement of lead service lines • PFAS contamination cleanup • Water pollution control infrastructure • Implementation of State Forest Action Plans • Preparation for and response to wildland fires
New or existing funding streams	All “new” money. Not budgeted or anticipated, transformative and flexible in how it is spent.	IIJA is “supplemental” water infrastructure money that will flow into existing loan programs for DEC, and additional grant funding directly to FPR.
State Match	None (grants)	DEC: State match requirements will increase state costs traditionally funded with Capital Bill funding. The Capital Bill funds infrastructure projects. FPR: 10% for Community Wildland Fire Defense Funds (\$5k/year or \$25k for the five-year period).
Spending deadline	Must be encumbered by 12/30/2024	Available until spent.
Allotment	Allocated to ANR in State Fiscal Year 2022, 2023, and 2024.	Allocated to ANR over five-year period, from August 2023-August 2028.
Flexibility, priorities	High, states can determine how to fund.	DEC: low to no flexibility. Funding goes into existing funding streams such as SRF. ANR adopts the priority criteria via rulemaking. EPA requirements under SRF law substantially limit different uses of IIJA funds. State general assemblies are unable to divert IIJA supplemental capital awards outside the SRFs. FPR: low to no flexibility. Funding goes into existing grant programs or to support new federal grant programs.

Funds	\$162.75M for water and sewer infrastructure projects within six specific program areas outlined in the “funding for” category above.	<p>This money is available for all projects that the SRF supports, covering a broad range of water quality projects.</p> <p>DEC:</p> <ul style="list-style-type: none"> • \$54M for supplemental Clean Water SRF (CWSRF) funds, with \$8.9M state match. • \$111M for supplemental Drinking Water SRF (DWSRF) funds, with \$18.2 state match. • \$140M (over five years) to DWSRF to reduce lead in drinking water. No State match is required. The money will be allocated annually, with \$28M/year over five years. This money is available for public water systems. Of the \$28M/year the state pulls in, 49% will be for loan forgiveness. • Emerging contaminants funding for public water systems to address contamination from PFAS or other potential contaminants. No state match is required. The money will be allocated annually, with \$7.5M/year for five years. • \$4.5M to CWSRF over five years. No State match is required. Approximately \$500K to be awarded in 2022, increasing to \$1.125M/year by 2026 as well as \$37.5M over five years to the DWSRF. <p>FPR:</p> <ul style="list-style-type: none"> • \$2.5M to FPR over five years for state forest action plan implementation and wildland fire.
Equity Considerations	Equity is considered in the initial decisions on what to fund (see “target” above)	Will likely need to comply with Executive Order on Justice40. Justice40 is a whole-of-government effort to deliver at least 40% of the overall benefits from Federal infrastructure investments to disadvantaged communities.