

December 13, 2024

Infrastructure Spending and the District

The federal government invests in many types of physical infrastructure that are, with the exception of federal water resource projects, predominantly owned by state and local governments or privately owned. The federal government invests in infrastructure in four main ways: (1) direct spending on federally owned and operated infrastructure (e.g., federal dams); (2) grants to nonfederal entities, particularly state and local governments (e.g., grants to public transit agencies); (3) loans to nonfederal entities (e.g., loans to sponsors of major highway projects); and (4) tax preferences that forgo federal revenue to provide incentives for nonfederal investment in infrastructure (e.g., tax-preferred municipal bonds used to finance sewers).

Members of Congress may wish to guide federal funding to local infrastructure projects or serve as a conduit to connect constituents to federal funding sources. One of the most direct ways for Members to influence funding is through what are often called “earmarks” (known in the House as Community Project Funding [CPF] and in the Senate as Congressionally Directed Spending [CDS]). Earmarks generally are understood as congressionally directed spending that benefits a specific entity or locality other than through a competitive or internal agency selection process. The House and Senate Appropriations Committees typically designate which federal programs or accounts, if any, will be eligible for such funding during the annual appropriations process. Members submitting requests for projects in their districts may have to meet certain disclosure requirements, such as a certification that the Member has no financial interest in the project. Members also may, among other approaches, submit letters of support, participate in stakeholder meetings, and raise awareness of competitive project opportunities and criteria.

This In Focus discusses ways in which Members can have a role in allocating federal resources through mechanisms that fund rural development, surface transportation, drinking water and wastewater, and federal water resource projects. The final section discusses information resources for grant opportunities and awards.

Rural Development

The U.S. Department of Agriculture (USDA) administers grant, loan, and loan guarantee programs that support the construction, repair, and modernization of infrastructure in rural communities. These programs support drinking water systems, wastewater systems, rural broadband infrastructure, and essential community facilities (such as police departments, fire stations, disaster preparedness centers, health clinics, and libraries).

Congress typically provides funding for USDA infrastructure programs through annual Agriculture, Rural

Development, Food and Drug Administration, and Related Agencies appropriations bills. For FY2024, Congress appropriated \$523 million for loan subsidies and grants for USDA community facilities programs; \$596 million for loan subsidies and grants for USDA water and waste disposal programs; and \$170 million for loan subsidies and grants for USDA rural broadband programs (P.L. 118-42). Appropriations for loan subsidies can support much larger amounts of loan capacity (e.g., \$3.4 billion in loan authority for USDA community facilities programs in FY2024).

Congress may influence funding for USDA infrastructure programs through strategies such as letters of support and CPF/CDS. Members can provide letters of support for the applications of constituents in their districts who apply for competitive grants from USDA infrastructure programs.

Members also can request funding for projects in their districts through the annual appropriations process, when allowed. In FY2024, Congress funded a total of \$642 million for such projects for USDA infrastructure programs. The House and Senate Appropriations Committees designated the Community Facilities Program and the Distance Learning and Telemedicine Program (a rural broadband program) for CPF/CDS. House Appropriations designated the ReConnect Program (rural broadband) and the Water and Waste Disposal Program for CPF.

Surface Transportation

Highway and public transportation funding, administered by the Department of Transportation (DOT), typically is provided in multiyear surface transportation authorization bills. Funding for FY2022-FY2026 was provided by the Infrastructure Investment and Jobs Act (IIJA; P.L. 117-58). Annually, IIJA provided \$70.2 billion for highways, \$18.2 billion for public transportation, and \$2.5 billion for multimodal programs (eligible projects included rail and ports). Some additional funding for similar purposes is provided in annual Transportation and Housing and Urban Development appropriations bills (in FY2024, \$2.2 billion for highways and \$2.6 billion for transit), including funding for CPF/CDS. In the past, CPF/CDS also has been included in some surface transportation authorization bills.

Most highway (88%) and public transportation (67%) funding provided by IIJA is distributed to state and local governments by statutory formulas. Decisions about the use of this funding are made through state and local planning processes by state departments of transportation, federally mandated metropolitan planning organizations, and public transportation agencies. Members can participate in stakeholder meetings with these organizations.

Most of the remaining amounts and much of the multimodal funding is distributed competitively by DOT. Congress typically provides discretion to the Secretary of Transportation to distribute competitive funding to eligible projects. Community support for a project, including from Members of Congress, can be taken into consideration by the Secretary. Members often provide a letter of support for inclusion in a project application or directly to DOT.

Drinking Water and Wastewater

The U.S. Environmental Protection Agency (EPA) administers a range of programs to assist communities with wastewater and drinking water infrastructure needs. The two primary programs are the Clean Water State Revolving Fund (CWSRF) and the Drinking Water SRF (DWSRF). Congress provides annual appropriations for the SRFs in the Interior and Environment appropriations act (totaling \$2.8 billion in FY2024). IJA provided \$43.4 billion total for FY2022-FY2026 in supplemental SRF appropriations.

EPA allots SRF appropriations based on needs assessments as grants to states to capitalize a state revolving loan fund. States compile lists of projects they intend to fund from their SRFs, called an intended use plan (IUP). States are authorized to use the SRFs primarily to provide subsidized loans to eligible recipients. States also provide additional subsidization (e.g., principal forgiveness, grants, or negative-interest-rate loans).

Recent appropriations acts also have included CPF/CDS for certain water infrastructure projects. In these cases, the acts have reserved a portion of each SRF appropriation for CPF/CDS—for example, P.L. 118-42 dedicated just over half (\$1.4 billion) of the combined FY2024 SRF regular appropriations to more than 1,000 specified drinking water and wastewater projects. In these cases, Congress determines the recipients of funding rather than the state agencies that implement the SRFs.

Some Members also have supported specific water infrastructure objectives in the SRFs through various mechanisms. IJA dedicated certain SRF supplemental appropriations to specific project types (e.g., \$15 billion for replacing lead service lines). Further, since the SRFs were established, several acts amended SRF statutory provisions to support objectives, such as affordability (i.e., more favorable assistance for certain communities or projects). Appropriations acts have required states to use certain shares of their grants for additional subsidization or specific purposes.

Federal Water Resource Projects

Congress authorizes and appropriates funding for the U.S. Army Corps of Engineers (USACE) and the Bureau of Reclamation (Reclamation) to develop and operate federal water resource projects in the United States. Most USACE projects primarily focus on improving navigable channels, reducing flood and storm damage, and restoring aquatic ecosystems; most Reclamation projects primarily focus on delivering irrigation water supplies in the western 17 conterminous states. Congress also provides funding to USACE for certain nonfederal, publicly owned water-related facilities and to Reclamation for water and energy

efficiency grants, selected rural water projects, and Indian water rights settlements, among other activities.

Congress typically appropriates funds for USACE (\$8.7 billion in FY2024) and Reclamation (\$1.9 billion in FY2024) in annual Energy and Water Development appropriations acts. The majority of these appropriations are used to perform work on geographically specific, congressionally authorized federal projects. Generally, Congress funds projects requested by the Administration at the level in the budget request and then provides guidance and “additional funding” for the agencies to allocate to authorized, eligible projects in subsequent work plans. Members may choose to engage with the agencies and the Administration to request inclusion of specific projects in the Administration’s budget and agency work plans. The appropriations committees may consider Members’ requests for CPF/CDS for individual projects above the levels in the budget request and for projects not included in it. Members also may request programmatic language to add general direction for allocating the additional funding.

Congress may provide supplemental funding for these agencies, such as to support emergency activities (e.g., \$5.7 billion to USACE in P.L. 117-43) and for infrastructure investment (e.g., \$17.1 billion to USACE and \$8.3 billion to Reclamation in IJA). In such cases, agencies typically allocate this funding to specific projects following general directions in supplemental appropriations acts (e.g., projects in states impacted by certain natural disasters).

Tracking Federal Infrastructure Funding

Members may be interested in infrastructure funding opportunities as well as funding awarded to their states and districts. This information may be found in many federal and nonfederal resources, including program websites, databases, and information portals.

Many federal agencies have program websites listing their funding opportunities. Grants.gov provides a centralized resource that allows users to search and apply for current federal grants across agencies. The “funding clearinghouse” of the Interagency Working Group on Coal and Power Plant Communities provides announcements from multiple agencies for IJA and Inflation Reduction Act (IRA; P.L. 117-169) infrastructure programs. This includes information on new or IRA-modified tax credits for energy infrastructure, electric vehicles, and manufacturing.

USAspending.gov; the White House’s Invest.gov; and the nongovernmental, subscription-based Federal Funding Information for States database each provide information about funding awards for various infrastructure programs and projects at the national, state, county, and congressional district levels.

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