

# FROM... BROOKINGS

## THE AVENUE

**Transformative infrastructure funding is here. The application process for getting it still needs work.**

**Ellory Monks and Shalini Vajihala** Monday, July 11, 2022

**LINK:** [https://www.brookings.edu/blog/the-avenue/2022/07/11/transformative-infrastructure-funding-is-here-the-application-process-for-getting-it-still-needs-work/?utm\\_campaign=Metropolitan%20Policy%20Program&utm\\_source=hs\\_email&utm\\_medium=email](https://www.brookings.edu/blog/the-avenue/2022/07/11/transformative-infrastructure-funding-is-here-the-application-process-for-getting-it-still-needs-work/?utm_campaign=Metropolitan%20Policy%20Program&utm_source=hs_email&utm_medium=email)

**From CT.org...** Brookings has a terrific article on the status of the process for small cities and towns to access federal infrastructure funding; although still unresolved, there are things to do to get in line. A tangential point is that state governments are becoming more important. CT.org expected state governments to wither with growing irrelevance leaving the field to federal and local governments; however, not so fast. Transportation and education federal funding continues to be funneled through states; gun and abortion activities have devolved to the states; Medicaid stays a discretionary program at the state level and voting is controlled by state officers. The Brookings article below suggests the federal infrastructure funds will be processed through the states...the focus on state government is growing. Fire up your lobbyists; take a legislator to lunch.

### ***From the Brookings article...***

Over \$850 billion in funding from the Infrastructure Investment and Jobs Act (IIJA) is currently making its way to state and local governments. This investment has the potential to make communities safer, more equitable, and more resilient. And to achieve those outcomes, communities of all sizes—including thousands of small and medium-sized rural and lower-income municipalities—must successfully apply for, win, and manage large federal and state grants and loans.

Yet even as the country's policy ambitions continue to evolve, funding application processes and requirements, by and large, have not. Standards and regulations were created with big cities and [large, traditional "grey" infrastructure projects](#) in mind. This means that infrastructure funding and financing tends to go to the same types of applicants and projects—and often in ["wealthier, white communities"](#) while leaving behind first-time, low-capacity, or smaller-scale applicants.

Without major updates to grant application processes at both the federal and state levels, IJA funding will go to the communities that are best at applying for funds—not necessarily the places that need it the most.

Federal agencies acknowledge that this dynamic poses a significant risk to IJA implementation. More resources than ever are available for smaller and low-capacity state and local governments applying for funding, and agencies are communicating more clearly and consistently with potential applicants. For example, the National Telecommunications and Information Administration held [webinars](#) before recent notice of funding opportunity announcements to help state and local leaders prepare applications for the five new broadband grant programs included in the IJA.

The Office of Management and Budget (OMB) also seeks to address some of these dynamics in their [recently released guidance](#) to help federal agencies ensure effective, equitable implementation of IJA money. While some guidance is encouraging—it directs federal agencies to improve infrastructure permitting practices for projects and reduce burdens for lower-capacity applicants—it remains up to individual agencies to implement. And importantly, it does not affect state agencies, who are responsible for awarding the majority of all IJA funds.

Though progress is being made, much of it is piecemeal. What is really required is a comprehensive rethinking of how small, rural, and low-income communities can more successfully apply for federal and state grants and loans.

First-time or smaller funding applicants need standardized resources and applications that allow communities to picture themselves and their projects within the larger project pipeline. From there, they can make informed decisions about if and how to move forward based on the expectations of the application and financing processes. Consistent with this, the OMB guidance states that agencies should, “simplify [Notice of Funding Opportunities] to make solicitations clear and accessible, simplify documentation requirements and reduce reporting requirements that may impose undue burdens on recipients.” This is a step in the right direction, but it only affects federal agencies, not states.

The Department of Transportation (DOT) is beginning to implement this guidance through the recent creation of its [Multimodal Projects Discretionary Grant \(MPDG\)](#), which combines three grant programs under a single application with common criteria in order to lower application barriers. The combined application should also give DOT a more comprehensive understanding of their project pipeline and allow it to holistically evaluate projects that otherwise would have been submitted in multiple individual applications. Other federal agencies should evaluate the MPDG closely and seek to leverage any lessons that can be learned.

OMB guidance also directs agencies to make [application information more accessible](#) by “producing user-friendly online tools...and resources that increase participation by end

users and program recipients.” If executed well by the agencies, this should help address the lack of transparency that many potential applicants experience. In the past, potential applicants were often required to schedule meetings or phone calls with agency officials to discuss their interest, especially for programs administered by states. The formality of scheduling a meeting can prevent potential applicants from entering the project pipeline because they do not have answers on basic eligibility, funding availability, or application questions to feel comfortable with an official discussion.

Even when detailed application information is available online, it is often protected behind a sign-in screen where registrants must create complete profiles on behalf of their city or utility. For example, the [New Jersey Environmental Infrastructure Trust](#) requires municipalities to create an account under an “Authorized Official,” who then designates an “Authorized Representative” for each project, who can then add “Collaborators” to individual projects. These steps must be taken before potential applicants are even able to view information about the loans and assess and evaluate if they’re worth the effort of applying.

This is an illustrative example of a seemingly innocuous gate that can act as a barrier to low-income, rural, and smaller communities to enter the project pipeline. Making basic information visible upfront without logins lets junior and mid-level officials identify opportunities and then provide informed recommendations to decisionmakers about the benefits of applying. It’s important that local government leaders feel informed about the process before entering any required pre-application meetings.

Making matters worse, many funders and permitting agencies include a laundry list of upfront requirements for quantitative estimates. From the federal perspective, having clear metrics to ensure financial accountability is essential. However, these types of questions are typically jumbled together with other, less clear requirements for early-stage project performance details. This means that to submit initial applications, local governments must find a way to get far enough into a design process to generate reasonable and defensible cost and performance estimates without any dedicated resources or capacity. For qualified applicants who do not have the staff capacity, baseline data, or resources to hire technical consultants, this is often an insurmountable prerequisite.

Without precautions taken, this dynamic could get even worse with the recent OMB guidance, which requires agencies to develop implementation plans that “define key performance metrics and...identify key program implementation milestones.” If introduced too early in the application process, these requirements could dissuade low-capacity applicants from applying. Financial accountability and project performance are both important, but they are also very different. Clearly separating these types of data requests in funding applications can help federal agencies screen for qualified applicants first and then look for quality projects. This can also reveal who may need additional planning or predevelopment support to develop high-quality projects.

All applicants would benefit from clearer federal and state guidance on the expectations around preliminary quantitative estimates of project performance for different types and sizes of projects. A park designed to divert and retain stormwater is not the same as a water treatment plant. Being aware of where applicants are in their project development cycles and avoiding asking for quantitative estimates too early in a design process can lower barriers to entry. For example, where details are necessary, applicants in the pre-feasibility phase should be allowed to select ranges rather than entering specific estimates, and agencies should communicate that initial estimates are not binding and can be revised later in the design process.

Effective performance measurement is an ongoing process that takes time and resources. First-time and lower-capacity federal grant applicants cannot be expected to generate useful metrics and estimates without technical assistance and resources. Federal agencies should consider how setting project performance metrics and conducting evaluations can be funded upfront and incorporated into proposed budgets at different stages of project design, development, and implementation.

Even with significant improvements to applications at the federal and state levels, it will still be difficult for lower-income, smaller, and rural applicants to navigate the complexities of IIJA funding. To this end, federal and state agencies should designate a single agency “pathfinder” to guide projects in targeted communities through funding processes. This recommendation is consistent with an idea put forward in a recent [McKinsey report](#) that calls for states to establish infrastructure czars to play a coordination role, and expands it to focus explicitly on shepherding projects from traditionally lower-capacity communities.

The future of the IIJA’s impact hinges on the ability of state and local governments to attract high volumes of applicants from smaller, rural, and lower-income communities. Yet that procedural outcome can only happen if federal and state agencies transform their application processes. Otherwise, much of the law’s promise will be squandered.



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