



INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS AFL-CIO & CLC

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2022 IFPTE Issue Brief

117th Congress

Support Federal Investments in State and Local Governments, Infrastructure, Local Economies, and Public Services

Overview – With the enactment of the American Rescue Plan Act of 2021 (ARPA) and the Infrastructure Investment and Jobs Act of 2021 (IIJA, also known as the Bipartisan Infrastructure Deal), Congress and the Biden Administration are delivering direct aid to states and localities and providing historic and long overdue infrastructure investment throughout the U.S.

These bills provide necessary stimulus for state, county, and municipal governments that have had to contend with shifting priorities and added costs associated with responding to the pandemic, revenue shortfalls due to massive economic disruptions, and the resulting challenges of providing essential services while facing a resource crunch. While state and local governments now have funds to start restoring hiring levels, government jurisdictions throughout the U.S. still have 900,000 jobs fewer jobs than before the pandemic. Pre-pandemic public sector employment levels should be the bare minimum target for employment levels.

We look to the 117th Congress to provide accountability and ensure that federal infrastructure investments provide quality public services, support the role of inherently governmental work, and provides an opportunity for equitable development and investments in communities.

Further, Congress must commit to completing the task of providing resources to close the investment gap, which the American Society of Civil Engineers calculates as \$2.59 trillion over the next ten years. The \$350 billion for state and local government aid in ARPA and the \$550 billion for new infrastructure spending in the IIJA will make important strides in addressing the nation's infrastructure deficit, but more can be done to reinvigorate the public sector and federal investments in public infrastructure. Done properly and funded through fair taxation policies, investment in infrastructure and public services will fuel an economic revitalization, improve quality of life for all Americans, increase our nation's economic competitiveness, and provide good-paying union jobs.

APRA Flexible federal aid should restore public services and public sector jobs – In April 2021, Congress passed APRA with the clearly stated intention that \$350 billion in the State and Local Fiscal Recovery Funds (SLFRF) program be used exclusively for public sector to respond to the economic impact of the pandemic, support public health and essential workers, and restore government services and jobs, and invest in public water systems and internet. While some government jurisdictions have lobbied Congress and the Treasury Department to use these funds for corporate tax breaks, to pay down debt, or for rainy day funds, SLFRF should be used to restore and expand public services and to hire and retain public sector workers.

Legislative Request: Congress should provide oversight to make sure these funds are used to restore and strengthen public services and return public sector hiring levels to pre-pandemic levels.

Implement the Infrastructure Investment and Jobs Act (IIJA) to Support Public Infrastructure Modernization and Maintain Inherently Governmental Work – The IIJA includes a five-year surface transportation authorization with strong labor and prevailing wage standards, a commitment to public services, and strong Buy America requirements. With \$350 billion authorized for federal-aid highway programs, \$110 billion in supplemental funds for bridge and road projects, authorizations for transit grants, and \$32 billion of improving drinking water and wastewater systems, and \$42.5 billion for broadband, IIJA will support state and local government work and public services throughout the country.

Unfortunately, IIJA includes some provisions that favor public-private partnerships (P3), which have proven to be more expensive and lower quality services than publicly owned and delivered services, with less accountable and transparency, and shifting the focus on private profit at the expense of public benefit. Namely, IIJA doubles the cap on tax-exempt private activity bonds to \$30 billion, potentially expanding state and local government’s ability to enter into new public-private partnerships (P3). IIJA also provides \$20 million per year to the U.S. Department of Transportation (DOT) to provide grants to states for evaluating P3s. Further, IIJA requires value-for-money (VFM) cost comparisons for projects funded by toll roads and bridges that exceed \$750 million. Although early proposals in IIJA that further expanded public-private partnerships and privatization were excluded from the enacted legislation, the provisions that are in the bill may threaten the quality of public services and could privatize public sector jobs.

Legislative Request: Congress should provide close oversight on DOT’s technical assistance to state and local governments so that value-for-money cost studies are fair and properly measure the value of publicly owned and delivered services. Additionally, Congress should provide strong oversight to make sure that surface transportation project funding includes inspections performed by public employees. This will ensure critical government oversight and expertise remains in the public sector and is not inappropriately outsourced to the private sector.

Continue Congressional Efforts to Pass the Build Back Better Act – Late last year, the House-passed the Build Back Better Act, H.R.5376, failed to gain enough support to pass the Senate. As a counterpart to the IIJA, the Build Back Better Act will invest significantly in childcare and early education, expand affordable housing, ensure year-round nutrition security for children, support investments to address climate change, tax relief for taxpayers affected by the \$10,000 state and local tax deduction cap, and reduce prescription drug costs, all while paying for these programs through fair taxation that requires corporations and the very wealthiest to pay their fair share of taxes.

Legislative Request: Congress should continue to work on the Build Back Better Act or similar legislation to provide these transformational investments in physical and social infrastructure for working families and local economies in every state and congressional district.

Other important Public Sector issues:

Extend USDA Waivers for Child Nutrition Programs – Since the beginning of the pandemic, Congress has given additional authority so that Child Nutrition Programs can close the childhood hunger gap. However, the current program waivers expire June 30, 2022. The pandemic and the ripple effects on access to food, operational and supply chain challenges are not over, and Congress should extend the nationwide waivers for the Child Nutrition Programs before summer meal programs begin.

Medicaid Federal Matching Increase – Currently, the 6.2% bump in the federal share of Medicaid is set to expire on June 30, 2022. Medicaid has been critical in providing health care to Americans throughout the pandemic, with Medicaid and the Medicaid-supported Children’s Health Insurance Program (CHIP) growing to 83.2 million Americans through June 2021, an 16.8% increase from February 2020. Congressional and the Department of Health and Human Services should extend the federal matching assistance percentage (FMAP) through the year and make sure people who qualify for Medicaid eligibly maintain coverage through any necessary renewal process.