

# Florida Will Receive Billions From The Infrastructure Investment and Jobs Act, But Is It The State's Fair Share?

DEC. 2021

**The Infrastructure Investment and Jobs Act (IIJA),<sup>1</sup> signed by President Biden on November 15, 2021,**

will make a significant investment in the nation's transportation system and other infrastructure. Billions of dollars will be distributed to the states for a wide range of projects, including all modes of transportation, broadband, cyber security, water infrastructure, energy, climate change, resiliency, and pollution mitigation. Florida will get a sizable chunk of these funds.

The total amount of Florida's share is not yet known, but for the allocations that have been determined, Florida will receive approximately \$19.1 billion over five years.<sup>2</sup> While this is certainly a lot of money, it appears Florida—as has historically been the case—will not receive anything close to its fair share.

The IIJA is another in a series of federal acts passed since the COVID-19 pandemic began that has delivered an astonishing amount of aid to the states, territories, and tribal lands. Florida TaxWatch detailed the tens of billions in aid Florida has already been allocated in a recent report.<sup>3</sup>

The price tag for the IIJA is \$1.2 trillion over five years, but not all of that is new money. The Act includes \$559 billion in new spending, with \$284 billion of that going to transportation.<sup>4</sup> The rest is continuation of existing program funding levels and supplemental appropriations for the many federal agencies that are responsible for carry out the IIJA.<sup>5</sup>

It should be noted that the IIJA is, in part, the nation's new Surface Transportation Act (STA).<sup>6</sup> The IIJA replaces the last STA—the Fixing America's Surface Transportation (FAST) Act. FAST's one-year extension expired on September 30, 2021. The IIJA continues that funding.

While part of the IIJA is the new STA, it is a significantly enhanced one and extends beyond transportation, including broadband, cyber security, water infrastructure, energy, climate change, resiliency, and pollution. Twenty-four new programs are created, and additional funding was added to existing programs.

<sup>1</sup> U.S. Congress, H.R. 3684.

<sup>2</sup> The White House, White House Releases Updated State Fact Sheets Highlighting the Impact of the Infrastructure Investment and Jobs Act Nationwide, August 4, 2021.

<sup>3</sup> Florida TaxWatch, Navigating Federal Pandemic Relief: Following billions in stimulus dollars, where do we go from here?, October 2021.

<sup>4</sup> National Conference of State Legislatures, Bipartisan Infrastructure Investment and Jobs Act Summary, November 8, 2021.

<sup>5</sup> National Association of Counties, Legislative Analysis for Counties: The Infrastructure Investment and Jobs Act, November 2021.

<sup>6</sup> The Surface Transportation Act governs federal transportation spending, the largest portion of which is the Federal-Aid Highway Program, which is funded from the Highway Trust Fund, mostly with federal gas taxes. The dollars are allocated to the states and territories by formula. STAs are multi-year funding plans, often five years, but they are frequently extended.

## What is Florida Getting?

Florida's final total allocation is not yet known. Many of the new programs are awaiting guidance from the U.S. Department of the Treasury and distribution formulas and methods have not been developed. Further, approximately 25 percent of the new funding has been set aside for competitive grants.

Estimates of the state allocations have been developed for \$425.8 billion of the IIJA's funds. The includes the Federal-Aid Highway Program<sup>7</sup> (both old and new money) and some of the other new funding. The following is a summary of Florida's \$19.1 billion (over five years) share of these funds.<sup>8</sup>

### Transportation

Florida will receive an estimated \$16.1 million in transportation funding from the IIJA, including \$13.1 billion in traditional formula-driven federal aid, an approximately \$3 billion increase over the FASTACT. This includes ongoing funding for roads, bridges, and transit. Florida will also receive an additional \$2.6 billion for transit, \$245 million for bridges, and \$198 million for electric vehicle (EV) charging stations.

Florida can compete for an additional \$31.0 billion in grants for bridges (\$12.5 billion), transportation projects which will provide substantial economic benefits to communities (\$16.0 billion), and EV charging stations (\$2.5 billion).

### Broadband

The bill provides \$42.5 billion to expand broadband deployment to rural and other underserved areas. Florida will receive the base allocation of \$100 million (same as all states). How the other \$37.5 billion will be distributed was yet to be determined. The White House estimates this can provide access to the at least 707,000 Floridians who currently lack it. There is another \$3.7 billion in competitive grants available.

In addition, an estimated 6.5 million Floridians (30 percent) will be eligible for the Affordability Connectivity Benefit (ACB), which will help low-income families afford internet access by providing a \$30 per month subsidy for families at or below 200 percent of the federal poverty line.<sup>9</sup>

### Water Infrastructure

In an effort to provide clean drinking water to every American and eliminate the nation's lead service lines and pipes, the IIJA provides \$40.6 billion to the states. Florida is expected to receive \$1.6 million.

### Resiliency

Florida is allocated \$29 million to protect against cyber attacks and \$26 million to protect against wildfires. Florida could also receive some of the \$3.5 billion the IIJA provides for weatherization.

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*Florida's allocation\* – \$ million*

	Allocation
Federal Highway Aid	\$13,100
Bridge Replacements and Repairs	\$245
Public Transportation	\$2,600
EV Charging Network	\$198
Broadband	\$100
Wildfires Protection	\$26
Cyberattack Protection	\$29
Water Infrastructure	\$1,600
Airports	\$1,200
<b>Total Allocation</b>	<b>\$19,098</b>
*Based on the \$425 billion in aid for which allocations have been estimated. Source: Florida TaxWatch, using data from the White House	

<sup>7</sup> Congressional Research Service, Federal-Aid Highway Program (FAHP): In Brief, March 1, 2021.

<sup>8</sup> The White House, Updated State Fact Sheets, The Infrastructure Investment and Jobs Act will Deliver for Florida, August 4, 2021.

<sup>9</sup> This replaces the temporary Emergency Broadband Benefit Program, which expires on March 1, 2022. Although the ACB subsidy is less than the EBB's (\$50), it is permanent and expands eligibility (200% of FPL versus 135%).

## Airports

Florida is allocated \$1.2 billion for airport improvements,<sup>10</sup> with most of it distributed by formula to primary airports. General aviation and commercial service airports will also receive funds. An additional \$5 billion is available to states through competitive grants, focusing on on-airport rail access and control towers.

## How does Florida's share compare with other states? Not well.

Estimated allocations have been made for \$425.8 billion in IIJA funding that will be allocated by formula or an established amount.<sup>11</sup> This includes new money for transit, bridges, EV charging, broadband, water, infrastructure, wildfire protection, cybersecurity, and airports. Florida is expected to receive \$19.1 billion of this amount.<sup>12</sup>

While this a lot of money, it is far is from what would be considered a fair share for our state relative to its population. Floridians comprise 6.51 percent of the nation's population but will receive only 4.48 percent of the federal aid. In fact, on a per capita basis, Florida will receive the smallest amount among the 50 states--\$887 per person. This compares to the national average of \$1,287 per person. The next smallest state allocation is well above Florida: North Carolina (\$996 per person). Of the nine pots of money for which estimates are available, Florida's per capita amount ranks above 47<sup>th</sup> for only two of them: public transportation (28<sup>th</sup>) and airports (12<sup>th</sup>).<sup>13</sup>

Florida's estimated share of these funds is only 68.9 percent of what it would be if all the funds were allocated on a per capita basis. This is also the lowest percentage in the nation.

**If Florida's share of funds was equal to its population share, our state would receive an additional \$8.6 billion.**

Not surprisingly, most of the states with the highest per capita allocations have low populations. Alaska (\$6,721, always an outlier), Wyoming (\$4,479), and Montana (\$3,358) are the top three. But large states also fare much better than Florida. Of the six most populated states, three have allocation shares that are larger than their population shares. New York, with a smaller population, will receive \$7.8 billion (40.1 percent) more than Florida (see table in Appendix).

Perhaps the area where this discrepancy between population and funding shares is most pronounced is bridge replacement and repair. The IIJA provides \$26.0 billion in new money for bridges that will be distributed by formula which is not the regular allocation formula. This new formula is based on the number of bridges in each state that is rated as being in "poor" or "fair" condition under the Federal Highway Administration's National Bridge Inspection Standards. Compared to most other states, Florida does a good job with bridge and highway maintenance, as the DOT work program is statutorily required to focus on maintenance before capacity improvements.

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*Florida's per capita allocation rank among the 50 states  
(1-largest to 50-smallest)*

	Rank
Federal Highway Aid	48
Bridge Replacements and Repairs	50
Public Transportation	28
EV Charging Network	48
Broadband	47
Wildfires Protection	49
Cyberattack Protection	49
Water Infrastructure	50
Airports	12
<b>Total Allocation</b>	<b>50</b>
Based on the \$425 billion in aid for which allocations have been estimated. Source: Florida TaxWatch, using data from the White House	

<sup>10</sup> This estimate is based on 2019 boarding and cargo data. It is subject to change as yearly data updates are made.

<sup>11</sup> For example, each state will receive a base allocation of \$100 million for broadband connectivity, plus

<sup>12</sup> U.S. News and World Report, The States Benefiting the Most from the Infrastructure Deal, November 19, 2021. Using data from the White House.

<sup>13</sup> All calculations regarding Florida's relative share of funds are by Florida TaxWatch, using data from the White House.

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More than half (55.1 percent) of the nation's bridges are rated as "poor" or "fair", while this is true of just over one-third (36.5 percent) of Florida's bridges.<sup>14</sup> Only 3.6 percent of Florida's bridges are "poor", half as many as the average state. As a result, Florida is slated to receive \$245 million of the \$26.0 billion, or less than one percent. While this formula makes sense from a national perspective of targeting the money to where the need is, it is not necessarily the most equitable method. In effect, Florida's is being penalized for taking care of its bridges, while states that have not are being rewarded. New York, Pennsylvania, and Illinois are all getting bridge allocations that are six to eight times larger than Florida. The IIJA also provides \$12.5 billion for competitive Bridge Investment Program grants. Hopefully, Florida can improve its bridge funding with these grants and those deciding who gets them will consider states' prior investments in their bridges.

## **Florida has historically been a donor state for federal aid**

When Florida does not get its fair share of federal assistance, our tax money goes to subsidize programs in other states. That is exactly what has been happening in Florida for many, many years. Florida TaxWatch has produced several reports showing that Florida receives far less than its fair share of federal aid relative to other states, consistently ranking near the bottom in terms of per capita grants and grants as a percentage of federal taxes paid.

The latest Florida TaxWatch grant report<sup>15</sup> showed that Florida received less grants per capita than every other state in the nation and concludes "It would be hard to argue that Florida's share is anywhere close to equitable." If Florida received the national average in per capita federal grants, our state would get \$14.6 billion more of our tax money back.

Florida also does not get its fair share from the Federal-Aid Highway Program. Florida's share of this funding is far less than the share of gas taxes Floridians contribute to the fund. A 2016 TaxWatch report of transportation funding<sup>16</sup> found that since 2006, Florida's total return on federal transportation aid has been the nation's 4th lowest amount. This is less than all the other largest states except Texas.

Using more recent federal data,<sup>17</sup> Florida has dropped to the 3<sup>rd</sup> worst return in the nation. Since the federal government often adds general funds into the highway fund, states usually get back more than they contribute, although Florida has been a true donor state (receiving fewer dollars than it contributed) in some years, including 2019. Florida contributed 5.4 percent of the taxes, while receiving only 4.4 percent of the aid. Florida is also dead last in per capita transportation aid.

The Infrastructure Investment and Jobs Act continues Florida's history of not getting an equitable share of federal funds.

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<sup>14</sup> Federal Highway Administration, Bridge Condition by Highway System, June 15, 2021.

<sup>15</sup> Florida TaxWatch, Florida is Still a Donor State, September 2016.

<sup>16</sup> Florida TaxWatch, Meeting Florida's Transportation Investment Needs, February 3, 2016.

<sup>17</sup> Federal Highway Administration, Comparison of Federal Highway Trust Fund Highway Account Receipts Attributable to the States and Federal-Aid Apportionments and Allocations from the Highway Account FY 2010-2019, August 2020. Calculations by Florida TaxWatch.

## Conclusion

Florida has received, and continues to receive, billions of dollars of federal aid as Washington has tried to help states recover from the pandemic. This aid has helped dramatically, and Florida is currently in incredible fiscal shape, with both the largest budget and largest reserves in the state's history. Now the Infrastructure Investment and Jobs Act gives us the opportunity to significantly upgrade the state's transportation system and other infrastructure.

There is a legitimate concern with the magnitude of this recent federal largess and the impact on the national deficit, but Florida should still strive to maximize its receipts of federal aid, especially since aid Florida does not get simply goes to other states. Florida should not spend state money simply for the purpose of acquiring more federal funds, but it should do everything possible to get closer to its fair share of funding within the state's spending decisions. This is not happening. **If Florida's share of funds from the new infrastructure bill was equal to its population share, our state would receive an additional \$8.6 billion.**

There are a number of factors that determine how much a state receives in federal grants, including a state's spending decisions. Florida has a history of lower-than-average revenue and spending at the state level and this is part of the reason for lower-than-average federal funding.

But it is the decisions made in Washington that have the most impact on grant "fairness" and there is ample evidence that Florida is not treated equitably. The formulas used to distribute grants hurt Florida. The use of outdated population data disadvantages a growth state like Florida. Even the use of annual estimates (which are based on the decennial census) can hurt Florida through undercounting. Florida had the fourth largest percentage undercount during the 2000 Census<sup>18</sup> and the sixth largest in 2020.<sup>19</sup> This is one of the many reasons an accurate census count is vital to Florida. Small state minimums can also reduce funding for populous states and hold-harmless provisions can keep states like Florida from catching up.

The formulas have proven hard to change. It often seems that federal allocations are governed by old fashioned politics and maintenance of the status quo. "Congressional support to revise funding formula inequities may be difficult to obtain if other states stand to lose federal funds under revised formulas that benefit Florida."<sup>20</sup>

Our recent report on federal stimulus funding<sup>21</sup> recommended that Florida's Congressional delegation should work to get more of Florida's fair share of funding from the proposed infrastructure bill. That ship has sailed but it should be an ongoing fight. Some of formulas have not been developed and the delegation should work with agencies to improve Florida's return. Florida should also aggressively pursue the competitive grant opportunities created by the bill.

Florida will never be a top federal grant getter but there is no justification for the state's history of consistently getting one of the smallest, if not the smallest, relative share of federal aid.

<sup>18</sup> Price Waterhouse Coopers, Final Report to Congress: Effect of Census 2000 Undercount on Federal Funding to States and Selected Counties, 2002-2012.

<sup>19</sup> Florida TaxWatch, 2020 Census: Making Florida Count webpage.

<sup>20</sup> Florida Legislature, Office of Economic and Demographic Research, Review of Federal Funding to Florida in Fiscal Year 2009, March 2011.

<sup>21</sup> Florida TaxWatch, Navigating Federal Pandemic Relief: Following billions in stimulus dollars, where do we go from here?, October 2021.

## APPENDIX


### INFRASTRUCTURE INVESTMENT AND JOBS ACT


*Per Capita Allocation Ranked by State*


Rank	State	Per Capita	% of Population	% of Funds	Rank	State	Per Capita	% of Population	% of Funds
1	Alaska	\$6,721	0.22%	1.16%	26	Alabama	\$1,387	1.52%	1.64%
2	Wyoming	\$4,479	0.17%	0.61%	27	Pennsylvania	\$1,369	3.93%	4.18%
3	Montana	\$3,558	0.33%	0.91%	28	New York	\$1,333	6.11%	6.32%
4	Vermont	\$3,458	0.19%	0.52%	29	Massachusetts	\$1,327	2.13%	2.19%
5	North Dakota	\$3,390	0.24%	0.62%	30	Kansas	\$1,307	0.89%	0.90%
6	South Dakota	\$3,210	0.27%	0.67%	31	Indiana	\$1,303	2.05%	2.08%
7	West Virginia	\$2,452	0.54%	1.03%	32	Nevada	\$1,301	0.94%	0.95%
8	Delaware	\$2,401	0.30%	0.56%	33	Oregon	\$1,265	1.28%	1.26%
9	Rhode Island	\$2,345	0.33%	0.60%	34	Wisconsin	\$1,234	1.78%	1.71%
10	Hawaii	\$1,800	0.44%	0.62%	35	Texas	\$1,216	8.81%	8.32%
11	New Mexico	\$1,759	0.64%	0.87%	36	Utah	\$1,209	0.99%	0.93%
12	Maine	\$1,736	0.41%	0.56%	37	Maryland	\$1,198	1.87%	1.74%
13	Connecticut	\$1,675	1.09%	1.42%	38	South Carolina	\$1,195	1.55%	1.44%
14	Arkansas	\$1,648	0.91%	1.17%	39	Minnesota	\$1,192	1.73%	1.60%
15	Idaho	\$1,645	0.56%	0.71%	40	Virginia	\$1,170	2.61%	2.37%
16	Iowa	\$1,593	0.96%	1.19%	41	Georgia	\$1,152	3.24%	2.90%
17	Louisiana	\$1,557	1.41%	1.70%	42	Tennessee	\$1,151	2.09%	1.87%
18	Nebraska	\$1,550	0.59%	0.71%	43	California	\$1,127	11.95%	10.46%
19	Mississippi	\$1,507	0.90%	1.05%	44	Washington	\$1,115	2.33%	2.02%
20	New Hampshire	\$1,487	0.42%	0.48%	45	Ohio	\$1,087	3.57%	3.01%
21	Missouri	\$1,464	1.86%	2.12%	46	Michigan	\$1,070	3.05%	2.53%
22	Oklahoma	\$1,458	1.20%	1.36%	47	Colorado	\$1,068	1.75%	1.45%
23	New Jersey	\$1,454	2.81%	3.17%	48	Arizona	\$1,022	2.16%	1.72%
24	Kentucky	\$1,439	1.36%	1.52%	49	North Carolina	\$996	3.16%	2.44%
25	Illinois	\$1,390	3.87%	4.18%	50	Florida	\$887	6.51%	4.48%
					United States				
Based on the \$425 billion in aid for which allocations have been estimated. Nearly \$1 trillion will be distributed, some through competitive grants. Source: Florida TaxWatch, using data from the White House									



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