



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

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2024 IFPTE Issue Brief

118th Congress

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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), the 117th Congress and the Biden Administration delivered much-needed aid to states and localities and provided historic and long overdue infrastructure investment throughout the U.S.

These bills provided 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 delivering essential services while facing a resource crunch. While state and local governments are starting to return to pre-pandemic hiring levels, government jurisdictions throughout the U.S. still have 274,000 fewer jobs when considering 1.2% population growth since 2019 and per capita public sector employment. Pre-pandemic public sector employment levels should be the bare minimum target for employment levels.¹

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, which the American Society of Civil Engineers calculates as \$2.59 trillion over 10 years. However, 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 the quality of life for all Americans, increase our nation's economic competitiveness, and provide good-paying, union represented jobs. We look to the 118th Congress to provide accountability for federal infrastructure investments that support quality public services, uphold the role of inherently governmental work, and create opportunities for equitable development and investments in communities.

I. APRA Flexible federal aid should restore public services and public sector jobs – In 2021, Congress passed APRA with the intention that \$350 billion in the State and Local Fiscal Recovery Funds (SLFRF) program be used exclusively for the public sector to respond to the economic impact of the pandemic, support public health and essential workers, restore government services and jobs, and invest in public water systems and internet. ARPA also makes \$122 billion available to localities through the Elementary and Secondary Schools Emergency Relief Fund (ESSR) but must use those funds before October 2024. States and localities must obligate SLFRF funds by December 31, 2024, and spend them before the end of 2026. The U.S. Treasury has prohibited using these funds to restore and expand public services and help local economies fully recover from the pandemic, not for paying down debt or rainy day funds. However, several states have used SLFRF to fund corporate tax breaks and reduce tax revenue, which goes against Congress and the Treasury's intent and guidance. SLFRF should be used to restore and expand public services and to hire and retain public sector workers.

Legislative Request: Congress should reject any attempts to weaken or reverse SLFRF and ARPA funding while providing oversight to make sure these funds are used to restore and strengthen public services and return public sector hiring levels to pre-pandemic levels.

¹ [State and Local Governments Have Only Spent About Half of American Rescue Plan Funds as Critical Deadline Nears](https://www.eplanninginstitute.com/2024/01/09/state-and-local-governments-have-only-spent-about-half-of-american-rescue-plan-funds-as-critical-deadline-nears/), EPI, Jan 9, 2024

II. 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 for 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 included 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 accountability 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 ensure 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.

Other important Public Sector issues:

Extend USDA Waivers for School Nutrition Programs – Since the beginning of the pandemic, Congress has been given additional authority to provide funding to States and Localities for key child nutrition programs so that our nation can close the childhood hunger gap. However, with the expiration of the bipartisan Keep Kids Fed Act in June 2023 and the upcoming expiration of the Supply Chain Assistance Funds program in September 2024, the National School Lunch and School Breakfast Program will go back to pre-pandemic levels. Yet, the fact remains that access to food, increase in food costs, and supply chain challenges were not limited to the pandemic and continue today. Congress should pass the Helping Schools Feed Kids Act (H.R.1424) sponsored by Rep. Abigail Spanberger (D-VA) and Rep. Brian Fitzpatrick (R-PA), to extend the nationwide waivers for these school nutrition programs.

Medicaid Federal Matching Increase – The 117th Congress extended the increase in the federal share of Medicaid to states through the end of 2023, providing critical health care to Americans through the end of the pandemic. Through these additional federal funds, Medicaid and the Medicaid-supported Children’s Health Insurance Program (CHIP) grew to 83.2 million Americans through June 2021, a 16.8% increase from February 2020. However, the 6.2% Federal Medical Assistance Percentage (FMAP) increase that started during the pandemic came to an end on April 1, 2023, and wound down to a 1.5% FMAP increase through December 2023. The reduction in the FMAP percentage is causing an “unwinding” in which at least 14.38 million people have lost Medicaid coverage between April 2023 to January 2024. While some states are doing a better job of maintaining coverage for Americans who need Medicaid and the Department of Health and Human Services has provided information to some states where children are being disenrolled from CHIP, Congress Services should make permanent, or at least extend the increased FMAP percentage beyond 2024 to make sure people who qualify for Medicaid eligibility maintain coverage through any necessary renewal process and are not experiencing a loss of health care coverage due to administrative barriers.