

SOUTHERN ECONOMIC ADVANCEMENT PROJECT

**Federal Infrastructure Funds: How
Communities are Prioritizing Equity,
Transparency, and Good Jobs**

Authored by Aarti Sharma



DECEMBER 2023



ABOUT SEAP

SEAP is your partner and resource. We amplify the efforts of existing organizations and networks that work towards broadening economic power and building a more equitable future. Broadening economic power brings attention to how race, class and gender intersect social and economic policy in the South. We explore policy ideas designed to address these connections directly. SEAP focuses on 12 Southern states and marginalized/vulnerable populations within the region.

Authored by Aarti Sharma

Pursuing change for vulnerable populations is Aarti's passion. She is a lawyer who started her career teaching and working in the juvenile system. That passion led to working for the Georgia Department of Education, Stacey Abrams' gubernatorial campaign, and redefinED atlanta, overseeing growth and policy initiatives. She consults on issues related to organizational strategy, policy and research, and leadership.

INTRODUCTION

The Infrastructure and Investment Jobs Act (IIJA) and the Inflation Reduction Act (IRA) offer states and cities funding opportunities for infrastructure improvements across all areas, including billions in competitive grants. As states and localities apply for these funds, the Biden Administration has laid out several grantmaking priorities, including an emphasis on workforce development with the ultimate goal of creating good jobs and promoting diversity, equity, community participation, and transparency. Many IRA and IIJA funding categories are included in the [Justice40](#) initiative, which aims to address underinvestment in disadvantaged communities by requiring 40 percent of federal funding to flow to disadvantaged communities. Federal departments are creating their own requirements for implementing Justice40 within their departmental funding programs.

To maximize competitive advantage in these grant programs, localities should consider prioritizing equity, transparency, and generating good jobs through workforce development.

EQUITY

As localities consider applying for grants, places with clear and measurable methodologies for ensuring **racial equity** in implementing IIJA and IRA programs will be prioritized. Localities with clear understandings of equity concerns in their area, and a pathway to address these concerns, are in better standing for funding. An example of this is Charleston, which established a committee to write "[The State of Racial Disparities in Charleston County Disparities Report](#)" and then issued a [report](#) with long term goals, objectives, strategies and actions, performance measures, evaluation tools, lead staff, oversight and due dates. Austin created a climate equity plan and [tool to create accountability](#) towards the plan's implementation. [The Climate Equity Plan](#) centers racial equity in its goals, strategies, and plans.

Planning for equity on the front end is the best predictor of post-construction equity. An equity framework analyzes potential or upcoming projects to ensure post-construction equity. Best practices in creating an equity framework can include:

- Conducting a needs assessment to identify community need and encourage civic engagement ([Greene County, MO](#))
- Creating a dashboard to encourage transparency ([Norfolk, VA](#))
- Creating an equity resolution ([Arlington, VA](#))
- Creating an equity scorecard that reflects the needs of your community ([Newnan, GA](#))
- Looking for opportunities to collaborate with other governments to pool resources and address long-range planning ([South Carolina Rural Infrastructure Authority](#))

Within the engineering and the infrastructure fields there are multiple surveys and assessments cities could use to analyze **post construction equity**. These tools include:

- The [Universal Design-Based Framework](#) assessing the usability and inclusion of buildings by using three categories (physical-spatial quality, sensorial-cognitive quality, and social quality) and eight criteria (i.e. usability, functionality, safety/security, wayfinding, understanding, environmental factors, well-being, and social inclusion).
- [Oregon](#) conducted a post-construction audit to determine whether it met its equity goals over a period of time. The audit measured against equity goals the city set out for itself.

One way to create equity on the front end of a project is to **engage communities in the planning process**. The IIJA prioritizes community input and inclusion in a number of ways. To effectively engage community, cities should:

- Establish community engagement goals.
- Share their infrastructure plans with the broader community to increase transparency and buy in, allowing dialogue where communities can engage with governmental entities. Many online tools offer a public-facing resource to easily share process updates, resident feedback, survey results and additional information. [Norfolk, VA](#) allowed residents to give online feedback on transportation projects using geocoding. [Denver, CO](#) used telephone-town halls targeted to low-income communities to provide information on federal funding and to gather input on priorities.
- Identify existing and potential partners. Community engagement can include partners who serve as a “trusted voice.” These partners are likely already engaged in community organizing and mobilizations of specific populations. Partnering can allow local governments to accelerate their ability to access and gain trust with communities that have been historically ignored. In [Atlanta](#), the city’s economic development arm contracted with community partners to set up community hubs to help small businesses take advantage of available grants.
- Make community engagement a central and ongoing part of any IIJA application or project plan. This will work to assure community members that governmental entities are committed to community engagement long term. It will also increase transparency and accountability.

The IIJA also reauthorized the federal **Disadvantaged Business Enterprises** (DBE) program, but the DBE program does not apply to every department / agency. Each [state](#) is responsible for setting DBE goals when receiving IIJA funds from the Department of Transportation (DOT) and must submit a plan to comply with goals individual states identify within its specific grant application. The DOT requires at least 10% of all funding for certain projects to be earmarked for DBEs.

- DBE designation relies on the state’s designation and certification standards. Best practices in DBEs have included [mentorship](#), ensuring businesses [qualify for DBE status](#), and ensuring smaller DBEs can qualify for [loans](#) to meet larger infrastructure needs.

TRANSPARENCY

IIJA and Justice40 prioritize programs **data usage** to ensure dollars flow to historically disadvantaged communities and transparency in tracking where money is spent. There are national data sources for determining which communities are disadvantaged.

- The [Climate and Economic Justice Screening Tool](#) highlights census tracts that are overburdened.
- Race Forward's Government Alliance on Race and Equity (GARE) created the [ArcGIS Social Equity Analysis](#) to help governments locate and dismantle inequities in their communities.
- The Environmental Protection Agency's [EJScreen tool](#) allows local governments to see demographic, socioeconomic, and environmental information for a specific area.
- Additionally, the [National Equity Atlas](#) measures indicators of equity including demographics, economic vitality, readiness, economic benefits, and connectedness, with the goal of providing disaggregated data to advance equity and prosperity.
- The [City Health Dashboard](#) provides mapping of health, environment, housing, income, and more with racial breakdowns as well.

As a part of the effort to invest federal funds equitably, public **transparency** is a best practice. This includes publicly tracking where funds are spent and their impact.

- [Raleigh's ARPA webpage](#) provides a range of information, including details on the city's three-phase approach to spending with project-specific details provided through drop-down menus. The webpage also links to key presentations, city Treasury reports, and a simulator to build different funding scenarios. While this is an ARPA example, the same principles apply to IIJA.
- Nationally the [American Road and Transportation Builders Association](#) offers a country wide map with details on IIJA spending by state related to transportation.
- Many cities like [New Orleans are already tracking IIJA spending](#). City sites could use national databases like the one from the [National League of Cities](#) to provide more comprehensive information, greater visualization, and data manipulation features.



GOOD JOBS

There are about [72 workforce](#) development opportunities listed in the IIJA, and workforce development programs and initiatives are heavily prioritized throughout the IIJA. Workforce development is prioritized to create skilled labor that emphasizes equitable distribution of good jobs. Localities should consider the following when prioritizing workforce development:

- **Fair Pay:** The vast majority of IIJA spending is covered by federal construction prevailing wage protections that require corporations to pay market wages and benefits, and the law strengthens requirements to ensure manufactured goods are made in the United States. Despite this, the federal minimum wage remains \$7.25 per hour. Localities can lead by example by requiring a higher wage - [Cities](#) have taken action on their own to ensure minimum wage reaches a livable wage. Additionally, cities can raise the minimum wage for their own works and lead by example. A city can also require all contractors and subcontractors that work with the city to pay a higher minimum wage. Both [Chicago](#) and [San Diego](#) have these provisions.
- **Local hire** policies give contracting preference to companies that hire a certain percentage of local residents from the communities in which the infrastructure is being built. The IIJA allows federal funding to be used to incentivize local hiring in highway and transportation projects. The state or local government commits to having a certain share of contractors and subcontractors be residents of a certain geographic area. [Virginia, Texas, and Colorado](#) have examples of successful local hire programs with the Department of Transportation.
- **Community Benefits Agreements (CBAs)** are legally binding contracts between community-based organizations representing the community's interests and developers. These agreements formalize the benefits communities will get in exchange for supporting developers.
 - As part of the IIJA, several funding notices include a preference for planned labor agreements, which are very similar to CBAs.
 - The [Department of Energy](#) requires community benefits plans as part of its IIJA and IRA funding, which are similar to CBAs. A CBA [toolkit](#) is available to ensure applicants can meet the DOE's requirements.



- **Local partnerships** with community colleges, unions, and government and nonprofits to further workforce development are also valued.
 - [Maryland](#) adopted a program in late 2022 to provide employers \$10,000 per employee to enhance recruitment, facilitate training, and remove barriers to employment. These funds can be used for employee transportation, childcare, housing, and traditional recruitment tools such as a signing bonus.
 - Kentucky engaged in a training program with federal support called [FAME](#), which is part of the national Federation for Advanced Manufacturing Education. The program combines coursework with an apprenticeship. In Kentucky, the program led to an 80% graduation rate with graduates earning \$15,000 more than their technical college peers.
 - The [Greater Houston Partnership](#) worked collaboratively to found UpSkill Houston to convene businesses and workforce entities to plan for the competencies needed long term and ensure their workforce has durable skills, which are skills that are usable day one on a worksite.
 - The [Wisconsin Regional Training Partnership \(WRTP\)](#) is a membership organization comprising businesses, organized labor, and workers. Members identify industry needs and WRTP offers training to workers. WRTP also provides extensive wraparound services, including childcare, transportation, job placement, and post-employment retention coaching, resulting in higher earnings for workers and better retention for businesses. These programs function to support labor market needs while furthering equity.