



VERIFY: Who decides where infrastructure funding goes? Which projects get funding?

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Both Democrats and Republicans have called for massive infrastructure investments. President Donald Trump wanted to invest money into the nation's roads and bridges, and now President Joe Biden has made similar claims.

Whether the two parties will come to a compromise bill remains unclear, but with so much attention on infrastructure, the Verify team is breaking down how money moves from a Congressional bill to the local level.

Our experts break down which entities make the important decisions, dictating whether your neighborhood will receive funding or not.

QUESTION:

What entities would decide which projects get infrastructure funding, following the passage of an infrastructure bill, like the one proposed by a bipartisan group of Senators?

SOURCES:

- Randal O'Toole, Cato Institute
- Adie Tomer, Brookings Institution
- U.S. Department of Transportation, "Overview of Funding and Financing at USDOT"

ANSWER:

Generally speaking, the priorities are set on the national level, and formulas approved by Congress dictate how much money is sent to various states. Once the money reaches the local level, these state leaders have a great deal of control over what priorities receive funding.

WHAT WE FOUND:

The Verify team reached out to a pair of infrastructure policy experts to learn about the process, following the money from a Congressional piece of legislation to a local project.

Adie Tomer from the Brookings Institution said that it's helpful to think of a big infrastructure project like this as if Congress is allocating funds to a series of 'pots'. For example, one 'pot' may be for bridge funding, and another may be for highway funding.

"The Congress' transportation programs are like a Russian nesting doll," said Tomer. "Where you have pots and inside those pots are even more pots. And then sometimes even within those pots, you get more pots. And all this does is lead to a level of complexity that is hard for the regular resident to understand."

Once the money is allocated to these 'pots,' a Congressionally-decided formula is used to decide how much of this pot is sent to each state and district.

"A formula fund is distributed based on criteria like the population of each state," said Randal O'Toole from the Cato Institute. "If it's a transit fund, it might be based on the number of transit riders, you know, different things go into the formulas for different pots of money."

Importantly, each pot of money is directed to the states using their own unique formula, crafted by Congress.

"We've been using formulas for over half a century," said Tomer. "To get in particular, both highway dollars, and for less time than that, but also mass transit dollars out into states and communities. There are expert staff, within congressional committees that know exactly how these formulas work, and work with outside and internal parties to help design and tweak formulas over time to make sure that they deliver the kinds of monies and results that Congress is looking for."

Once the money is directed to the states, the local bureaucrats are able to make the important decisions about which projects deserve the funding.

"For the most part, as long as you follow federal rules and regulations," said Tomer. "Within pots of money, states have extreme amounts of control over what they want to build."

The states can also decide to allocate some of the funding to the county or city governments within their state. If this happens, bureaucrats on that local level will make the decisions about which projects get funding.

"Local appointed officials, members of the bureaucracy decide how most of the money is going to be spent," said O'Toole.

EARMARKS AND COMPETITIVE GRANTS:

Our experts pointed out that the process works very differently for *earmarks* or *competitive grants*. The Verify team did an entire story on earmarks which can be found [here](#).

Earmarks, which until recently were banned in Congress, are a maneuver during the budgeting or spending process, in which a lawmaker can guarantee funding for a specific process. This would essentially sidestep the traditional process described above.

Jason Grumet, from the Bipartisan Policy Center, told the Verify team in May that this process doesn't necessarily add money to the budget. It just shifts the decision-making from the executive branch to the legislative branch.

"After Congress decides how much money the nation is going to spend in a given year," Grumet said. "At that moment, then it's the bureaucracy -- the executive branch -- that decides about all of that. The Department of Transportation decides the transportation funding. Agriculture decides where all the agriculture funding goes. The idea of earmarks is that members of Congress themselves can make proposals for specific aspects of that funding. But it's all done within the same budget."

Supporters of earmarks argue that they allow lawmakers to be more responsive to their constituents, while simultaneously promoting bipartisanship since lawmakers can horse-trade.

Meanwhile, critics argue that earmarks can lead to corruption as lawmakers may be susceptible to the influence of powerful voices, calling for specific projects.

"The earmarks will override the state plans for how the money should be spent," said O'Toole. "Earmarks come out of the money that the state was going to get anyway."

The process for dispersing Competitive Grants is also a different situation, in which localities need to compete for the funding through an application process.

"The competitive grants and earmarks come out of separate pots of funding that Congress authorizes," said Tomer.

An overview on the Department of Transportation website outlines how their process works. Localities interested in funding would need to submit an application, showing they meet the eligibility criteria for the specific project.

"USDOT reviews all submitted applications and evaluates proposed projects based on stated criteria," the overview reads in part.

O'Toole is a critic of both competitive grants because they leave decision-makers susceptible to influence from powerful voices.

"Competitive Grants are almost like earmarks," said O'Toole. "They're highly politicized. And they end up being spent on things that aren't necessarily very efficient."