



# Strategies for Local Governments to Access Federal Funding for Energy Efficiency, Renewable Energy, and Transportation Efficiency

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MIDWEST RURAL FEDERAL FUNDING OUTREACH SERIES | ACEEE

The Infrastructure Investment and Jobs Act (IIJA) includes billions of dollars for local governments across dozens of new and existing programs. This is in addition to \$350 billion, with \$130.2 billion direct to cities and counties, made available under the American Rescue Plan Act (ARPA) to address economic challenges and disparities exacerbated by the COVID-19 pandemic.<sup>1</sup> This fact sheet describes how local governments can develop energy efficiency, renewable energy, and transportation efficiency projects and access federal funding to advance them.



<sup>1</sup> See the National League of Cities' ARPA Frequently Asked Questions (FAQ) page for additional details on ARPA funding allocation, compliance, reporting, and eligible users: [www.nlc.org/covid-19-pandemic-response/american-rescue-plan-act/arpa-local-relief-frequently-asked-questions/#Davis-Bacon](https://www.nlc.org/covid-19-pandemic-response/american-rescue-plan-act/arpa-local-relief-frequently-asked-questions/#Davis-Bacon).

# Securing Funding: Next Steps For Local Governments

## DETERMINE PROJECT NEEDS AND PREPARE TO APPLY FOR FUNDING

Start early to determine project needs and opportunities. Identify projects in existing local and regional climate action, energy, or facility capital plans; assess internal staff grant writing capabilities; and talk to community members.

**Develop potential projects for current and future funding cycles.**<sup>2</sup> Identify priority projects that have arisen since local or regional plans were developed. Update and revise project lists on an ongoing basis based on community needs. Use ACEEE's [Ready-to-Go Toolkit](#) and [Mayor's Toolkit](#) to identify energy efficiency programs that address housing, transportation, and workforce development and could serve as models. See the [Federal Funding Opportunities for Local Decarbonization \(FFOLD\)](#) tool from RMI and the World Resources Institute for a list of federal programs that may fund local energy projects.

### Case Study: Michigan Municipal League *Serve MI* City Technical Assistance Program



The Michigan Municipal League (MML) helps their communities get to basic grant readiness by identifying their internal team, registering on federal and state websites, and gathering commonly required documents. MML further helps communities forge creative partnerships, engage the public, identify complementary funding sources, and comply with state and federal reporting requirements.<sup>3</sup>

**Assemble a grant writing team.** Select one person to lead application development and a team that can review or contribute. Explore partnerships with regional development commissions, township associations, municipal leagues, or other regional entities. These regional entities might track federal funding, offer grant writing support, or help local governments identify potential collaborators in neighboring municipalities with similar project priorities.

**Engage historically marginalized communities.** Build relationships with individuals and organizations that support historically marginalized communities to understand community needs. See the guidance below to learn more about equitable community engagement processes.

**Contact state officials.** State energy offices and departments of transportation, as well as state-appointed infrastructure coordinators, might provide information about how to apply for formula and competitive funds distributed through these agencies (like the Energy Efficiency Conservation Block Grant Program).

**Identify key technical partners.** This could include local and regional organizations, agencies, and companies with the expertise to install new technologies. For example, coordinate early with local utilities to determine required upgrades to electrical service for electric vehicle (EV) charging-related projects.<sup>4</sup>

<sup>2</sup> For more information about the federal grant lifecycle timeline, see [www.grants.gov/learn-grants/grants-101/grant-lifecycle.html](http://www.grants.gov/learn-grants/grants-101/grant-lifecycle.html).

<sup>3</sup> To learn more, see Michigan Municipal League's [Serve MI Cities](#).

<sup>4</sup> To learn more, see [PCFO IGAP](#).

## Case Study: Power A Clean Future Ohio (PCFO) Infrastructure Grant Assistance Program (IGAP)



PCFO is offering IGAP to help participating communities and local governments pursue federal funding for clean transportation and clean energy projects. IGAP participants receive technical assistance, suggestions for regional collaboration and non-traditional partners, and other resources as federal agencies announce new grant programs. Source: PCFO.

## SUPPORT HISTORICALLY MARGINALIZED COMMUNITIES

Identify historically marginalized community members, develop a process for engaging them throughout project and grant application development, and work with them to understand community needs.

**Identify historically marginalized communities** in the earliest stages of project development by engaging experienced local nonprofits. This could include people of color, residents with high energy costs, senior citizens without cars, and/or low-income individuals, among others. Historically, these residents have been disproportionately burdened by the negative impacts of inequitable energy systems, and they are less likely to receive the cost-saving benefits of utility customer programs. Strengthening their participation in new projects is critical to ensure a successful clean energy transition that is inclusive of all customers and housing types.

**Develop a community engagement process that empowers historically marginalized people and groups.** The engagement should encourage community members to co-design solutions. First, empower community members to develop solutions by cultivating a participatory mindset and increasing their decision-making power. This process should continually engage these community members and prioritize projects, programs, and plans that are adaptable to changing circumstances. For example, local governments should work with community members to continually update plans for programs for which they will pursue federal funding. Community engagement should also enable

participants to share information in diverse ways about what would help them most.<sup>5</sup> Local governments should add priority projects from community members to their project list.



A technician installs a heat pump.  
Source: [Phyxter](#).

<sup>5</sup> We have summarized these community engagement recommendations from this paper by public policy researcher Emma Blomkamp: [onlinelibrary.wiley.com/doi/full/10.1111/1467-8500.12310](https://onlinelibrary.wiley.com/doi/full/10.1111/1467-8500.12310).



**Use available tools to understand conditions in these communities**, for example, around energy and health burdens and access to clean transit. Useful tools could include (but are not limited to) the White House Climate and Economic Justice Screening Tool, U.S. Department of Energy’s (DOE) Low-Income Energy Affordability Data (LEAD) Tool, and [census.gov](https://www.census.gov).<sup>6</sup> It will take time to build authentic relationships and create projects in partnership with community members and the nonprofits that serve them, so it is important to begin this process early.<sup>7</sup>

**Work with and fund local nonprofits to understand community needs and identify federal funding** that could meet those needs. Leverage needs-based assessments to maximize the equity benefits of this funding. Partner with these organizations on federal funding applications using the Headwater Economics’ Rural Capacity Map to advocate for resources.<sup>8</sup> Consider using federal funds awarded to compensate local nonprofits for their participation.

**Align projects and applications with the Biden administration’s Justice40 Initiative**, which directs that 40% of federal funds for clean energy, energy efficiency, transit, and affordable and sustainable housing should go to disadvantaged communities (as identified in the screening tool).<sup>9</sup> Stay accountable to advancing equity by reporting back to local nonprofits and community members and adjusting programs in response to their feedback.

<sup>6</sup> White House Climate and Economic Justice Screening Tool: <https://screeningtool.geoplatform.gov/en/#10.43/40.367/-90.6947>. U.S. DOE LEAD Tool: [www.energy.gov/eere/slsc/low-income-energy-affordability-data-lead-tool](https://www.energy.gov/eere/slsc/low-income-energy-affordability-data-lead-tool).

<sup>7</sup> See the ACEEE report *Fostering Equity through Community-Led Clean Energy Strategies* for case studies of nonprofit-led clean energy strategies and actions by which local governments can advance equitable clean energy outcomes: [www.aceee.org/research-report/u2105](https://www.aceee.org/research-report/u2105).

<sup>8</sup> Agencies can use the Rural Capacity Map from Headwaters Economics to intentionally invest in under-resourced communities: [headwaterseconomics.org/equity/rural-capacity-map/](https://headwaterseconomics.org/equity/rural-capacity-map/).

<sup>9</sup> Several federal agencies have identified specific programs that will comply with Justice40: [Department of Transportation \(DOT\)](https://www.transportation.gov), [DOE](https://www.doe.gov), and [Environmental Protection Agency \(EPA\)](https://www.epa.gov).



## IDENTIFY FEDERAL PROGRAMS OF INTEREST AND STAY UP TO DATE

Identify federal funding programs to pursue, determine application leads, and prepare to apply.

Identify relevant federal energy efficiency, renewable energy, and transportation efficiency programs for rural local governments using ACEEE's fact sheets and online portal.<sup>10</sup>

Use federal program requirements to determine project and application leads and identify potential matching funds from state, local, or private sources. Cities can also leverage funding already received through ARPA as their match for many of these grants. Many federal grant programs require the applicant to provide some of the project funding, that is "required match" or "cost share."

For existing federal programs, look to past Funding Opportunity Announcements (FOAs) for examples of past federal programs' application requirements, eligibility information, and evaluation criteria to inform application development.<sup>11</sup>

### Case Study: Kansas State Energy Office—Reducing energy costs for rural food markets



IIJA authorizes \$500 million in formula funds through fiscal year 2026 to the State Energy Program (SEP) to enhance energy security, advance state-led energy initiatives, and increase energy affordability. This is in addition to SEP funds provided through the annual appropriations process. The Kansas State Energy Office, partnering with the Kansas State University Engineering Extension, has used SEP funds to perform energy audits for several rural food markets and grocery stores across the state. The stores used these audits to support their applications for financial assistance from the U.S. Department of Agriculture (USDA) Rural Energy Assistance Program to help fund energy efficiency improvements. By reducing energy costs, energy efficiency helps these stores remain profitable and continue serving rural customers who otherwise might need to travel longer distances to buy groceries.<sup>12</sup>

For new IIJA programs, bookmark and review the [White House Guidebook to the Bipartisan Infrastructure Law](#) to monitor upcoming opportunities and announcements.<sup>13</sup> In addition, all the agencies funded in IIJA have dedicated sites for funding under the law ([Federal Highway Administration \(FHWA\)](#), [Department of Agriculture \(USDA\)](#), [EPA](#), [DOE](#)), which offer additional agency-specific resources, alerts, and webinars.

Register early on [Grants.gov](#) and [Sam.gov](#).

<sup>10</sup> [PLACEHOLDER FOR ACEEE'S EE/RE and TE FACT SHEETS UNDER DEVELOPMENT ABOVE AND FORTHCOMING ONLINE PORTAL]

<sup>11</sup> Recently closed or archived FOAs can be found by adjusting search criteria under the "Search Grants" tab here: [www.grants.gov/web/grants/search-grants.html](http://www.grants.gov/web/grants/search-grants.html).

<sup>12</sup> To learn more, see [DOE's case study](#).

<sup>13</sup> Scroll down to the "Program Search" table: [www.whitehouse.gov/build/](http://www.whitehouse.gov/build/).

## ENGAGE STAKEHOLDERS TO DEVELOP A ROBUST APPLICATION

Determine project outcomes with diverse stakeholders, identify project alignment with other energy and transportation plans, and gather letters of support.

**Coordinate and partner with diverse stakeholders and align around project outcomes.** Identify potential in-kind financial support and generate letters of support that further demonstrate the project's value.

**Strengthen your proposal's competitiveness by highlighting its contributions to advancing federal, state, and regional energy and transportation plans.** Connect the project to broader policy goals to demonstrate how it advances coordinated activities at multiple levels.

## IIJA FREQUENTLY ASKED QUESTIONS

This section focuses on IIJA funds because the federal government is still in the process of disseminating them to states. ARPA funds have been disseminated to cities and states. Plans for allocating Inflation Reduction Act funds are still under development.

### What is the timeline for distributing funds and implementing initiatives in the infrastructure law?

Existing formula programs (Weatherization Assistance Program, State Energy Program, Low-Income Home Energy Assistance Program) receiving supplemental funds will move more quickly. New programs, both formula and [competitive](#), will become available more gradually. Most programs in IIJA will be delivered over the next five or so years. For more information on funding made available under IIJA, visit DOE's [IIJA Frequently Asked Questions page](#).

### How will funding be delivered at the state and local level?

Funding will be delivered through formula funds and competitively awarded grants to cities, counties, states, tribal governments, and other local partners. Competitive grants will be delivered through a competitive selection process beginning with a request for proposals from either the federal government or your state. Formula funding will be allocated to states and metropolitan planning organizations through existing application and formula processes—except where a new allocation process has been determined for new formula programs, such as the National Electric Vehicle Infrastructure Formula Program.<sup>14</sup> As federal agencies launch these programs, they will provide more details on application requirements and instructions.

For more information on applying for state-administered formula funds, see ACEEE's fact sheets to identify relevant state agency contacts and IIJA web pages.

<sup>14</sup> Find more information about the National Electric Vehicle Infrastructure Formula Program here: [www.fhwa.dot.gov/bipartisan-infrastructure-law/nevi\\_formula\\_program.cfm](http://www.fhwa.dot.gov/bipartisan-infrastructure-law/nevi_formula_program.cfm). As another exception, 68% of funds from the Energy Efficiency and Conservation Block Grant (EECBG) will go directly to cities with a population over 35,000 residents and counties with a population over 200,000. Two percent of EECBG funds will go to competitive grants for local governments that are ineligible based on population. To learn more about the distribution of EECBG funds, see this National League of Cities [blog post](#).



## Where should local governments look for the latest information on recently awarded funds and ongoing funding opportunities?

[Build.gov](#) provides a roadmap to funding available under IIJA and program-by-program information, including details about next milestones and links to program information on the [System for Award Management \(SAM\)](#) and [Grants.gov](#). [FedConnect](#) has additional grant information, along with a built-in Message Center that allows agencies and vendors to communicate about postings.

## What kind of technical assistance is available to help local governments develop projects and apply for federal funding?

Local governments should coordinate with state environmental, energy, and transportation agencies, other regional initiatives, and statewide municipal associations (e.g., municipal leagues and township associations) to identify available technical assistance resources and funding opportunities. Other groups offering grant writing support may include regional planning commissions, councils of governments, or grant writing consultants for hire. Project teams should also monitor federal agencies for new and emerging technical assistance opportunities deployed in support of IIJA.

- A list of Federal Transit Administration–sponsored technical assistance centers can be [found here](#).
- The National League of Cities (NLC) is helping small and medium-sized municipalities apply for IIJA and ARPA funds as part of the [Great Lakes Federal Grant Navigation Program](#).<sup>15</sup>
- The [Local Infrastructure Hub](#) helps local leaders navigate and understand the large quantities of information from the federal government on the nearly 400 funding opportunities available through the Bipartisan Infrastructure Law. The Hub was created in collaboration with the U.S. Conference of Mayors, the NLC, and Results for America.

<sup>15</sup> Eligible cities must have populations near and above 8,000 residents and be in Alabama, Arkansas, Louisiana, Illinois, Indiana, Michigan, Mississippi, Minnesota, Missouri, and Wisconsin.



Source: Scott Blake

## Partner Resources And Guidance

See below for additional links to resources that will help local governments determine next steps to pursue federal funding for energy efficiency, renewable energy, and transportation efficiency projects.

### TECHNICAL ASSISTANCE FOR ACCESSING FEDERAL FUNDS

- [IIJA Technical Assistance Guide](#). **Build.gov**. This guide provides a list of over 65 technical assistance resources and programs across the federal government to help communities deliver infrastructure projects.
- [Great Lakes Federal Grant Navigation Program](#). **National League of Cities (NLC)**. This free grant navigation program helps local government staff collect the data and apply for federal grants and is for participants in Alabama, Arkansas, Louisiana, Illinois, Indiana, Michigan, Mississippi, Minnesota, Missouri, and Wisconsin.

### IDENTIFYING FEDERAL PROGRAMS

- [Rural Infrastructure Playbook](#). **White House**. This playbook helps rural communities understand available funding under IIJA.
- [Stronger Together: Federal funding and planning strategies designed to promote sustainable economic development in rural America](#). **USDA and U.S. Department of Commerce**. This Joint Planning Resource Guide highlights a wide range of federal resources available to support local strategic economic development.
- [Federal Funding Opportunities for Local Decarbonization \(FFOLD\)](#). **RMI and World Resources Institute**. This spreadsheet tool helps local governments identify federal funding to advance energy transition goals.

### STRATEGIES FOR USING FEDERAL FUNDS

- [IIJA: A Federal Investment Guide for Local Leaders](#). **Accelerator for America**. This guide enables local leaders to determine timelines for distribution of funds, who will apply for or receive funding, and who to contact with questions.
- [Organizing Stimulus Command Centers: 10 Steps for Local Decision Makers](#). **Accelerator for America**. This memo offers recommendations for local governments to plan for American Rescue Plan funds.
- [Local Government ARPA Investment Tracker](#). **Brookings, NLC, and National Association of Counties**. This tool tracks how large cities and counties with populations over 250,000 are spending ARPA State and Local Fiscal Recovery Fund dollars.
- [U.S. infrastructure projects in need of funding](#). **Carbon Disclosure Project**. This resource tracks pending, climate action-related municipal infrastructure projects in need of funding.