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How Infrastructure Gets Funded: Lessons from 2025 Municipal Infrastructure Conditions

As municipalities across the United States work to modernize aging systems and meet growing community demands, funding remains the single most defining challenge. In the National League of Cities 2025 Municipal Infrastructure Conditions (MIC) report we examined the financial hurdles cities face and the pathways used to keep infrastructure projects moving.

Rising Costs, Tight Budgets and Financial Juggling

Survey results underscore what local officials already know too well: Inflation and supply chain disruptions have made project costs skyrocket. This mirrors broader economic trends recently [highlighted by Forbes](#), which notes that labor shortages and inflationary pressures have defined the industry's landscape for several years. Nearly 90 percent of MIC survey respondents cited rising material and labor costs as a major financial hurdle. Compounding this are insufficient capital budgets (84 percent) and the uncertainty of future funding, making long-term planning a high-wire act.

Municipalities are being pushed to do more with less - stretching limited resources while responding to public demand for better service. Notably, expanded federal support from the American Rescue Plan and Infrastructure Investment and Jobs Act (IIJA) has empowered local governments to accelerate long-overdue improvements, from water systems to broadband access. However, that support is not guaranteed in perpetuity, and local leaders remain concerned about long-term stability.

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National League of Cities

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