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Avoiding the Funding Cliff: Exploring New Infrastructure Funding Sources

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According to the National League of Cities' 2026 State of the Cities report, infrastructure remains a top priority for local leaders. Recent federal investment helped communities repair, replace and improve aging systems and build resilience, but as American Rescue Plan Act (ARPA) and Infrastructure Investment and Jobs Act (IIJA) programs wind down, cities may face a funding "cliff." In NLC's nationwide State of the Cities survey, 81 percent of mayors said the end of these programs would negatively affect infrastructure spending.

The timing is especially difficult as municipalities prepare for current and potential costs tied to per- and polyfluoroalkyl substances (PFAS), or "forever chemicals." For years, most of the public discussion and regulatory attention on PFAS focused on drinking water.

Now, many cities are learning that their exposure may be broader. Because PFAS are used in many consumer and industrial products, they can enter wastewater and the residuals left by wastewater treatment, called biosolids, through no fault of utilities. States are responding by adding testing requirements and restrictions on biosolids management. At the same time, cities that own airports, firefighting training facilities or landfills may face soil contamination — and resulting investigation and remediation costs — from the use of PFAS-containing firefighting foam or PFAS-contaminated landfill leachate.

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National League of Cities

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