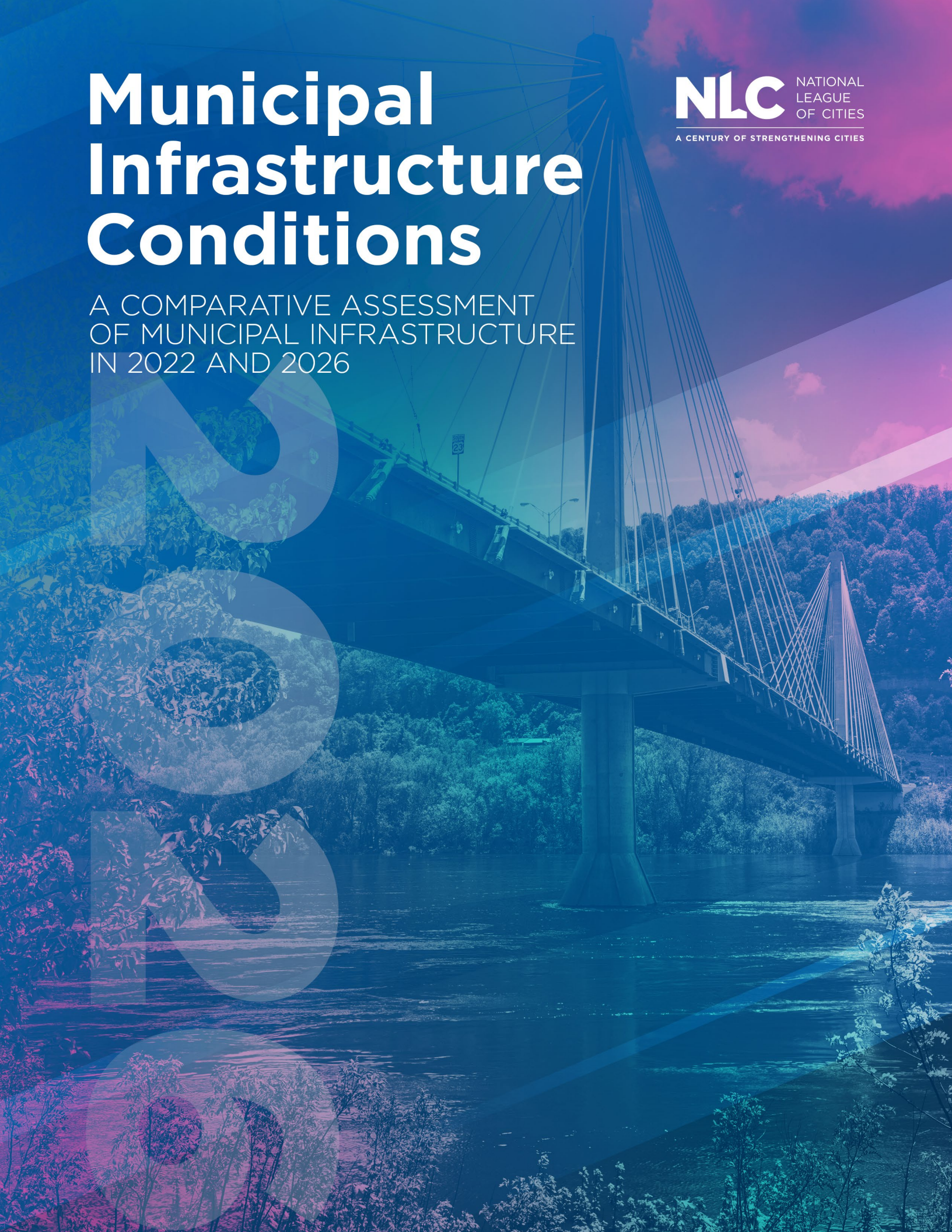
Municipal Infrastructure Conditions

A COMPARATIVE ASSESSMENT OF MUNICIPAL INFRASTRUCTURE IN 2022 AND 2026

NLC NATIONAL LEAGUE OF CITIES

A CENTURY OF STRENGTHENING CITIES



NATIONAL LEAGUE OF CITIES

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About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

About the Center for Research and Data

NLC's Center for Research and Data provides research and analysis on key topics and trends important to cities.

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Foreword

THE PAST SEVERAL years have reshaped how cities, towns and villages approach their infrastructure and the critical role it plays in strengthening communities. Local leaders across the country are working every day to maintain the systems that support public safety, economic opportunity, and quality of life. Even as local governments navigate rising costs, workforce shortages and evolving federal and state requirements, local leaders remain committed to building strong, resilient communities for the residents they serve.

The 2026 Municipal Infrastructure Conditions Report offers an essential look at how participating municipalities view their infrastructure needs and priorities at this moment in time. The insights shared offer a valuable window into the challenges and opportunities local governments are facing. The report highlights vital work happening in communities of all sizes on key infrastructure systems such as water systems, roads, parks, broadband and public buildings.

This year's findings also come at a time when the last few years of federal investments — including those from the Infrastructure Investment and Jobs Act — have influenced local planning and project development but are winding down. Surveyed communities are beginning to see early benefits from these programs, while others are still working through the administrative and regulatory steps required to move projects forward. What remains clear is that a strong federal–local partnership is necessary for infrastructure investments to reach the communities that need them most.

Across the country, local leaders are demonstrating resilience, creativity and determination. They are aligning limited resources with their most pressing needs, strengthening collaboration across departments and levels of government, and finding new ways to deliver for their residents. Their work underscores the importance of sustained, predictable funding and the need for continued support to help communities modernize aging systems and prepare for the next generation of use.

As you read this report, I hope you will recognize the dedication of the municipal officials who contributed their perspectives and the broader commitment of local governments to building strong, vibrant and equitable communities. Their leadership is shaping the future of America's infrastructure ensuring that every resident, in every community, has access to the services and opportunities they deserve.

Clarence E. Anthony

CEO and Executive Director
National League of Cities

Introduction

MUNICIPAL INFRASTRUCTURE plays a central role in supporting local economies, public safety and community well-being. From water systems to roads and bridges, broadband and public buildings, these assets shape the daily experiences of residents and influence a city's long-term resilience. Yet maintaining and upgrading this infrastructure has become increasingly challenging as local governments navigate rising construction costs, workforce shortages and evolving federal and state policy environments.

This report on the 2026 Municipal Infrastructure Conditions (MIC) survey offers a snapshot of how the responding municipalities see the condition of their capital assets and infrastructure priorities currently. The responses provide insights into how local officials are directing their limited resources and how broader economic and regulatory shifts may be shaping their decisions.

Across the survey, respondents describe a landscape marked by the importance of continuity of service amid emerging pressures. Several infrastructure categories — such as power utilities and parks — were reported as relatively stable, while others, particularly water and sewer systems, were more frequently described as facing strain. These patterns may reflect a combination of long-standing capital improvement needs, heightened regulatory requirements and increased attention to system vulnerabilities.

The survey also sheds light on how municipalities are prioritizing capital investments, the factors that guide their decision-making and the financing tools they rely on to support infrastructure projects. While fiscal capacity remains a central driver of what cities can undertake, respondents also point to staff expertise, capital improvement plans and elected officials' priorities as important influences. At the same time, many communities continue to face financial and administrative constraints that shape the pace and scope of their infrastructure efforts.

All in all, the 2026 MIC survey provides a look at how a limited but diverse set of municipalities is navigating the complexities of maintaining and improving infrastructure at this time. Although the findings reflect a limited sample, they offer context for understanding the pressures local governments face and the strategies they are using to manage essential public assets.

THE REALITIES OF MUNICIPAL INFRASTRUCTURE FINANCE: Trends and Strategies

TO UNDERSTAND THE condition of municipal infrastructure, one must first understand the financial realities that constrain and shape local decision-making. Cities operate within a complex fiscal environment where capital investments compete with essential services for limited resources.

As outlined in the National League of Cities' Cities 102 the median general fund budget for a U.S. city in 2022 was approximately $1.2 million, with strict requirements to balance budgets annually.[1]

For most municipalities, the ability to fund infrastructure relies heavily on the strength of their local tax base. Property taxes remain the bedrock of local finance, with 90 percent of cities relying on them; on average, property taxes constitute 60 percent of municipal tax revenue. Consequently, when financing major capital projects, municipalities must strategically balance three primary funding levers: direct budget outlays, debt financing and intergovernmental transfers from state and federal partners.[2]

These financial levers are generally categorized into two strategic frameworks: locally generated revenues and debt-based financing. **Cash-based funding (locally generated) relies on current locally generated revenues and reserves** to fund capital outlays upfront, a practice that avoids long-term interest costs and maintains higher debt capacity for future emergencies.[3] In contrast, **bond, or debt-based, financing — including general obligation and revenue bonds — promotes "intergenerational equity,"** ensuring that the cost of a long-lived capital asset is distributed across the different generations of taxpayers who will actually benefit from its use.[4]

Cities are responsible for maintaining 34 percent of all primary road miles in the U.S. — which is nine times more per capita than in rural areas. As of 2022, approximately 83 percent of cities actively invest in transportation infrastructure, spending an average of $233 per capita on construction, maintenance and operations.[5]

Against this backdrop, the 2026 MIC survey suggests a significant shift in how municipalities are approaching capital financing. The 2022 report found that most cities utilized a balanced blend of locally generated, own-source revenues and borrowing strategies while the 2026 results indicate a movement toward greater reliance on local, cash-based funding.[6]

Rather than indicating a decline in the health of the municipal bond market — which has remained robust with strong demand and high issuance volumes in recent years[7] — this shift is likely a reflection of the 2026 respondent profile.*

The 2026 survey findings reveal that a significant majority of respondents (71%) utilize a hybrid approach, combining both debt financing and cash-based funding to support their capital needs. Meanwhile, 20 percent of participating cities rely exclusively on cash-based funding, and only 9 percent report using debt financing as their sole method (see Appendix B Table B1).

Non-borrowing methods remain central to funding municipal infrastructure. General taxes and dedicated or earmarked taxes are among the most frequently used locally generated sources,[8] with roughly half of responding cities reporting that they "always" or "usually" rely on them. Intergovernmental transfers also play a substantial role. In 2026 state and federal grants are used regularly by nearly half of respondents, with federal-to-local direct awards playing a key role in enabling cities to address infrastructure needs, particularly for water, transportation and energy systems.**

Even considering the population composition of the 2026 survey respondents (see Appendix A), municipal bond debt remains a valuable tool for large-scale capital projects. Borrowing patterns themselves remain largely consistent with 2022. Revenue bonds (secured by specific income streams, like water or toll fees) and general obligation (GO) bonds (secured by the city's taxing power) continue to be the most commonly used instruments among respondents, reflecting their flexibility and the municipal finance community's familiarity with them (figure not shown).

* The shift toward cash-based funding likely reflects the 2026 sample's heavy lean toward smaller municipalities (56% under 50,000 residents vs. 22% in 2022; see Appendix A). Smaller jurisdictions often lack the administrative capacity to manage complex debt, making own-source financing a fiscal necessity rather than a reflection of broader bond market health, which remains robust.

** Results based on author's calculations and not shown here. Contact author for details.

CAPITAL AND INFRASTRUCTURE CONDITIONS

OVER THE PAST four years, municipal leaders have continued to navigate aging infrastructure, rising construction costs and shifting federal funding landscapes. The 2026 MIC survey — fielded with the same core questions as the 2022 survey — provides a snapshot of how local officials are assessing their capital assets across time.*

As in 2022, respondents in 2026 were asked to grade the condition of 11 types of infrastructure using an A–F scale, where A represents well-maintained assets and F indicates structurally deficient status.** The 2026 results appear to reaffirm many of the patterns observed in the 2022 report, while also revealing areas where conditions may be perceived as deteriorated or remained stable, partly due to new federal investments enabling municipalities to better investigate and understand their infrastructure needs.

* Given the smaller number of respondents in 2026, these results should be interpreted as indicative rather than definitive. Please refer to Appendix C for a detailed comparison of 2022 and 2026 MIC survey samples.

** Similar to the American Society of Civil Engineers (ASCE), we use a simple A–F school report card format to measure the quality of municipal capital assets in this study. While technical assessments like the American Society of Civil Engineers' 2025 Report Card for America's Infrastructure evaluate infrastructure through a lens of engineering standards and physical performance, this report offers a distinct and necessary perspective by documenting the fiscal capacity, local political priorities and administrative hurdles that dictate whether those technical improvements can actually be realized.

MAINTAINING KEY PUBLIC ASSETS: UTILITIES, PARKS & BROADBAND

Several municipal infrastructure categories were reported as having comparatively strong performance in 2026, reflecting sustained investment and long-term maintenance practices in many communities. Power utilities, parks and recreation facilities, and broadband infrastructure stand out as areas where cities in this sample have largely maintained stable conditions or even seen modest improvements.

Power utility infrastructure remains one of the strongest-rated asset categories. In 2026, 73 percent of respondents rated their power systems in A or B condition — virtually unchanged from the 77 percent reported in 2022. This stability may suggest that cities have continued to prioritize reliability and modernization in their energy systems, even amid rising costs and supply chain pressures.[9]

The resilience of power utility ratings is also likely bolstered by the Inflation Reduction Act of 2022 (IRA), which represents the largest investment in climate and energy in U.S. history. By providing tax credits and direct-pay options for clean energy projects, the IRA has enabled municipalities to modernize aging grids and invest in distributed energy sources.[10]

However, this resilience faces an emerging headwind: the rapid expansion of data centers. Driven by the growth of artificial intelligence and cloud computing, these facilities require large amounts of reliable power 24 hours a day[11]. The energy requirements of data

centers may soon outpace incremental grid improvements, potentially necessitating accelerated capital outlays to prevent service degradation for residential and traditional commercial users.

Parks and recreation facilities also continue to perform well. Considering that A and B ratings (i.e., in satisfactory condition) stayed almost the same over the last four years — from 64 percent in 2022 to 63 percent in 2026 — these assets remain among the highest-quality categories reported by municipal officials. The National Recreation and Park Association reports that many communities tend to leverage local funding, philanthropic partnerships and targeted grants to maintain parks, trails and open spaces that support quality of life and community well-being, which in turn could result in high-quality facilities as reflected in our results.[12]

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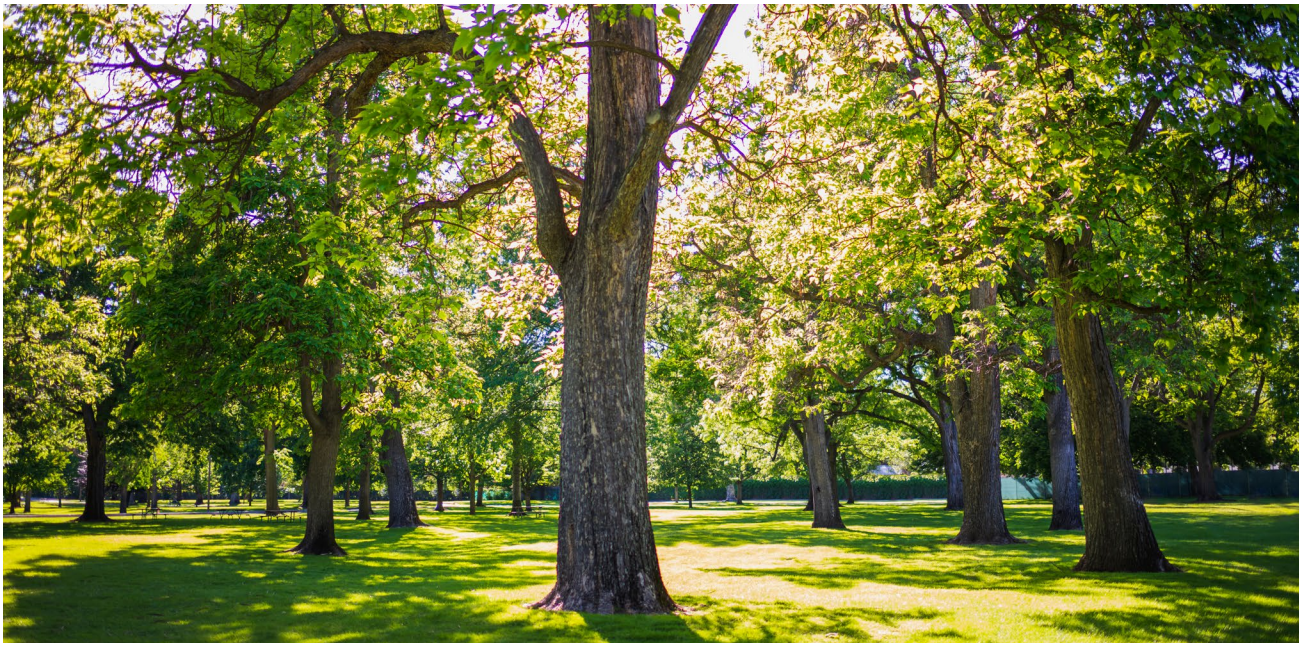
Broadband infrastructure shows a relatively stable, though nuanced, picture. The share of respondents rating their systems at grade A remained similar between 2022 (16%) and 2026 (14%). It is important to note that these ratings likely reflect the performance of private-sector providers rather than municipal networks, as most jurisdictions do not own or operate public broadband utilities.[13] Current stability may be attributed to ongoing private-sector capital improvements and localized digital equity efforts rather than the full impact of federal subsidies, which are expected to influence condition ratings more significantly in future reporting cycles.[14]

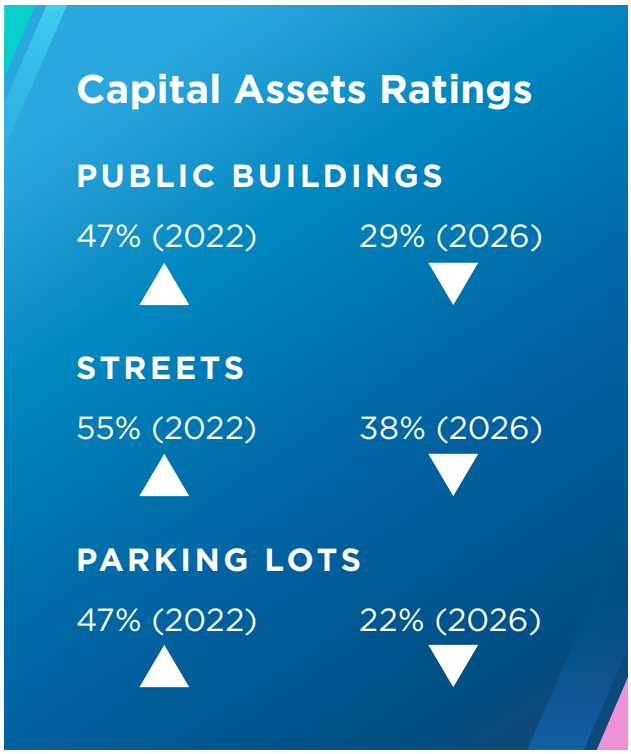
Taken together, these categories illustrate that even in a period marked by increased costs for materials, workforce shortages and aging infrastructure, many municipalities have been able to preserve or strengthen the quality of key public assets — particularly those tied to essential services, community amenities and long-term modernization goals.



OPPORTUNITIES FOR PUBLIC CAPITAL ASSETS

While several municipal infrastructure categories continue to demonstrate resilience and stability compared to 2022, the 2026 survey also highlights a set of assets for which conditions were perceived as having slipped or long-standing challenges have become more pronounced. These patterns do not necessarily reflect a lack of effort; rather, they underscore the scale of needed capital improvements, the age of many systems and the fiscal and operational pressures cities have faced in recent years. Understanding where conditions are deteriorating helps clarify where future investment, technical assistance and federal support may be most urgently needed. Public buildings, streets and parking lots, and water and sewer systems stand out as areas in which aging assets, rising construction costs, and capacity and fiscal constraints may have made it difficult for cities to keep pace with investment needs.

Public buildings show an observed shift in perceived condition. The share of respondents rating these facilities at A or B changed from 47 percent in 2022 to 29 percent in 2026. Streets — already a challenge in 2022 — also saw a decline in top-tier ratings, with A and B grades moving from 55 percent to 38 percent. Parking lots follow a similar pattern, with A and B ratings falling from 47 percent in 2022 to 22 percent in 2026. While these figures suggest these assets are in need of attention, the year-over-year changes do not reach the level of statistical significance.*



Drinking water systems and sewer/stormwater infrastructure also saw fluctuations in self-reported conditions. Water systems saw A and B ratings move from 82 percent to 39 percent, while sewer and stormwater systems changed from 62 percent to 42 percent. Rather than reflecting a proven physical deterioration across all assets, these substantial shifts likely reflect changes in perceived conditions due to the growing complexity of regulatory requirements, the high cost of underground infrastructure and the long timelines associated with utility upgrades. Notably, among all categories tested, only the change in sewer system condition was found to be statistically significant (refer to the next section for an exploration into this change).

* A series of regression analyses was conducted to compare the 2022 and 2026 survey datasets. Except for the sewer systems category, the variable of "year" was not found to be a statistically significant predictor of infrastructure ratings ($p > .05$), indicating that the observed differences in other categories may be attributed to sample variation rather than a systemic national trend.

Local governments are the primary stewards of our nation's water infrastructure, funding more than 98 percent of all capital, operations and maintenance investments for drinking water and wastewater infrastructure. **Nationwide, cities manage a vast network that includes over 50,000 community drinking water systems and more than 16,000 wastewater treatment systems.**[15]

Public transit systems remain among the lower-quality categories (as rated by the sample) though their trajectory is more stable. A and B ratings increased slightly from 40 percent in 2022 to 44 percent in 2026, suggesting that targeted investments — often supported by federal or regional partners — may be helping to stabilize conditions even as ridership patterns continue to evolve.[16] While nearly every major U.S. city provides some form of bus service — with over 1,300 bus and commuter bus systems operating nationwide — rail infrastructure is more concentrated.

Targeted investments – such as competitive federal grants under the Federal Transit Administration's Low or No Emission Grant program and related bus facility funding – help transit agencies modernize fleets with low and zero emission buses and build supporting infrastructure service quality and readability

These findings illustrate the uneven landscape of municipal infrastructure conditions in 2026. While some categories have held steady or improved modestly, others show clear signs of strain. These patterns reinforce the importance of sustained, predictable funding and technical support to help cities address long-standing capital improvement needs and modernize critical systems.*

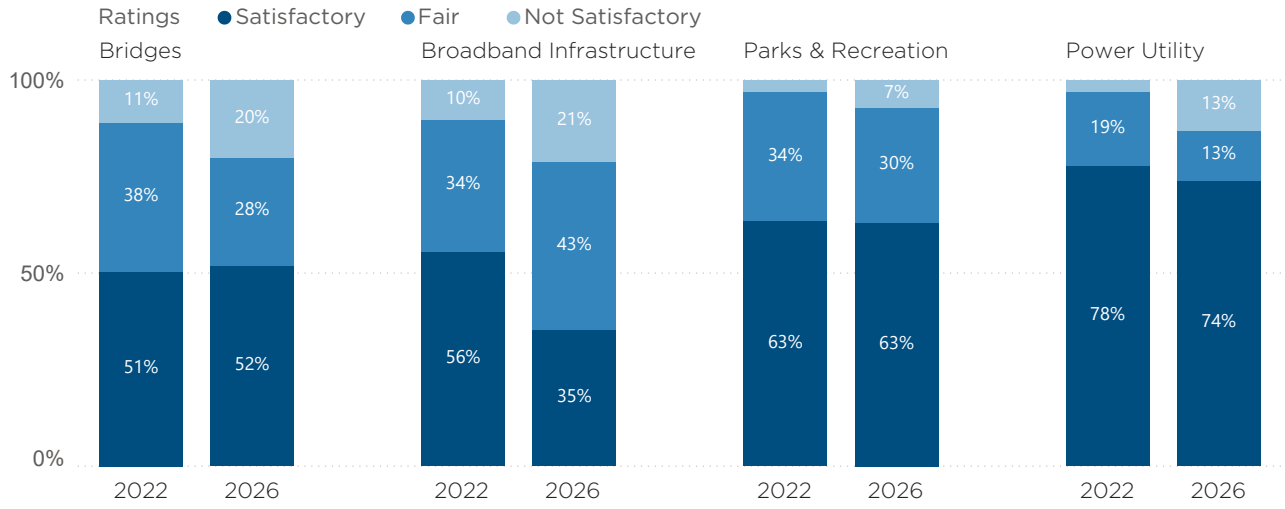
Cities can explore the ways their public transit infrastructure supports civic infrastructure in our Civic Maps

* Given the smaller sample size, these results should be viewed as directional rather than fully representative of all U.S. municipalities.

FIGURE 1A

HIGH-CONDITION RATINGS SHOW MIXED TRENDS FROM 2022 TO 2026

PERCENTAGE (%) OF RESPONSES ASSESSING MUNICIPAL CAPITAL ASSET CONDITIONS, BY RATINGS

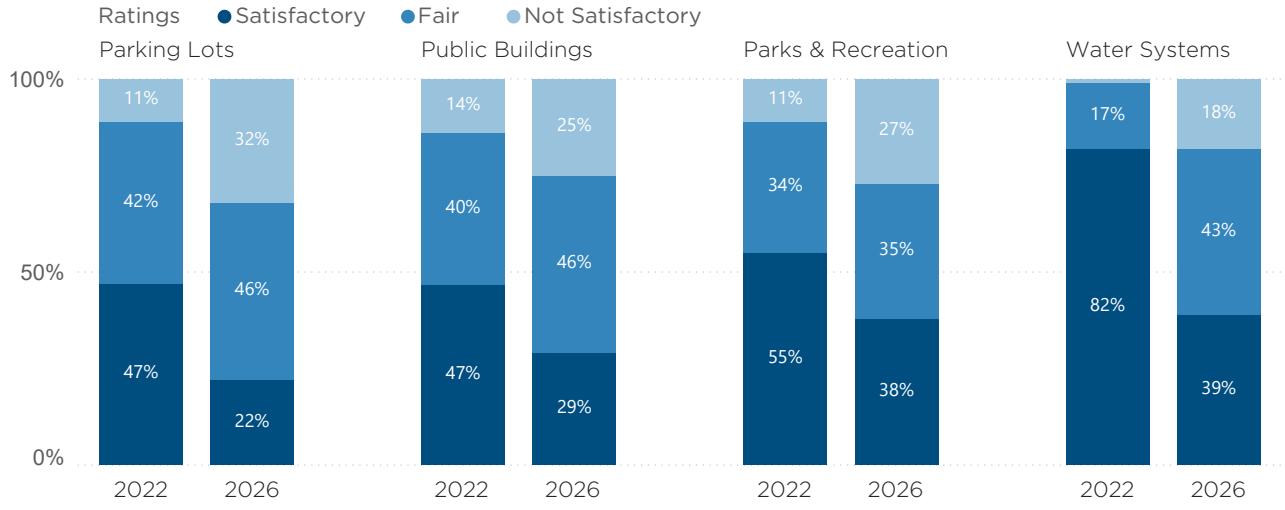


Source: National League of Cities Municipal Infrastructure Conditions 2022 (N=91) and 2026 (N=63) Survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sample sizes. Ratings A+B, C and D+F are labeled as Satisfactory, Fair and Not Satisfactory respectively. Categories shown were highest rated quality assets in 2026 survey, see Appendix B Table B2 for ratings on all categories across years.

FIGURE 1B

LOW-CONDITION RATINGS HIGHLIGHT CHALLENGES IN 2026

PERCENTAGE (%) OF RESPONSES ASSESSING MUNICIPAL CAPITAL ASSET CONDITIONS, BY RATINGS



Source: National League of Cities Municipal Infrastructure Conditions 2022 (N=91) and 2026 (N=63) Survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sample sizes. Ratings A+B, C and D+F are labeled as Satisfactory, Fair and Not Satisfactory respectively. Categories shown were lowest rated quality assets in 2026 survey, see Appendix B Table B2 for ratings on all categories across years.

DRIVERS OF DECLINING SENTIMENT IN WATER AND SEWER ASSETS

The 2026 survey shows a noticeable drop in reported water and sewer conditions compared to 2022. While the smaller sample size may contribute to some variation, several broader factors likely shaped how respondents evaluated their systems.*

First, IIJA provided a historic level of funding for water infrastructure through the Clean Water State Revolving Fund (CWSRF)[17] and Drinking Water State Revolving Fund (DWSRF)[18], prompting many cities to seek funding and financing through their state agency to meet their water infrastructure needs. Funding opportunities often require detailed assessments, and communities that previously lacked resources for engineering studies or asset inventories may now be identifying issues that were not fully documented before.

Second, the regulatory landscape has evolved, with new requirements for communities around lead pipe replacement and addressing PFAS contamination finalized in 2024**. Even if physical conditions have not changed dramatically, stricter standards can make systems appear to be in worse position relative to new benchmarks.[19]

Third, national assessments suggest growing environmental and operational pressures — from extreme weather to aging underground networks — which may influence how local officials perceive their own systems.[20] For example, in a recent resident poll, NLC found that over a third of respondents (36%) reported that a natural disaster, such as a hurricane, tornado, earthquake, wildfire or flood, has impacted their community, with 11 percent reporting this occurred within the past year and 16 percent within the past decade.[21]

> In the Rockefeller Institute of Government's report on stormwater, Neil O'Connor, the engineer supervisor for the Albany Water Department highlights how extreme weather events are adding pressure to local infrastructure saying, "We don't necessarily solve flooding. We do the best we can, but we can only design a pipe for a certain amount of flow. So, we're trying to mitigate storms that we're seeing right now. But should climate change continue, who's to say that 20 years from now there's not going to be a six inch in one hour storm that the city's going to be dealing with".[22]

* The lower quality ratings reported by municipalities for water and sewer assets in this study are directly mirrored by the ASCE's technical grades of "C-" for drinking water and "D+" for wastewater.

** See here for more detail: https://www.epa.gov/ground-water-and-drinking-water/lead-and-copper-rule-improvements and https://www.epa.gov/sdwa/and-polyfluoroalkyl-substances-pfas

Rising construction costs and workforce shortages may also make maintenance and capital improvement projects feel more challenging, contributing to more conservative self-rating. Taken together, these factors suggest that lower 2026 ratings may reflect greater visibility into existing needs rather than rapid deterioration. As federal investments for water infrastructure continue to roll out, cities may be better equipped to identify and address long-standing water and sewer challenges.

FEDERAL PROGRAM HIGHLIGHT

To address water and sewer infrastructure quality, cities are leveraging specific federal programs, as tracked through the NLC's Infrastructure Rebuilding America Dashboard. Two notable examples include:

Water Storage, Groundwater Storage, and Conveyance Projects: With a total funding pool of $1.15 billion through the Bureau of Reclamation, this program supports projects that increase surface or groundwater storage (between 2,000 and 30,000 acre-feet). These grants are essential for municipalities in Reclamation States to secure long-term water availability amid shifting climate patterns.

Columbia River Basin Restoration Program: The City of Nampa, Idaho will construct a 2.75-acre free water surface wetland and a 37,000-cubic-foot stormwater retention pond to capture and infiltrate runoff, reducing toxics entering tributaries of the Columbia River Basin. The project will disconnect Nampa Municipal Airport stormwater discharge from Mason Creek, improving river health and reducing impacts on fish and wildlife. Anticipated outcomes include reduced contaminants and interception of stormwater runoff, with an estimated annual reduction of 85,500 pounds of total suspended solids and phosphorus. Beneficiaries include residents of Nampa and surrounding communities.

According to the NLC's Rebuilding Together report, federal infrastructure programs are playing a critical role in enabling cities, towns and villages to sustain assets that benefit residents and grow the economy.[23] A key finding of the report is that state environment offices — which distribute CWSRF and DWSRF funding — allocated more than 70 percent of their funding to municipalities. This high rate of pass-through suggests that while large-scale improvements are not yet reflected in current perceived condition ratings, the federal-state-local partnership is successfully prioritizing resources to the local level, where they are most needed. As these state-administered funds are fully deployed, they represent a vital opportunity to address the aging water treatment and distribution systems identified in this 2026 assessment.

HOW CAPITAL PRIORITIES ALIGN WITH CONDITIONS

THE 2026 SURVEY results suggest that municipal capital priorities have remained remarkably consistent with patterns observed in 2022. Much like in the earlier survey, responding cities continue to focus their attention on the core systems that support daily operations and public safety — streets, water systems, sewer and stormwater infrastructure and water treatment facilities. These categories again emerge as the most frequently identified high-priority assets, even as their perceived conditions have shifted in recent years. Conversely, public buildings, parking lots, broadband infrastructure and public transit remain lower on the priority scale for many jurisdictions, reflecting what appears to be long-standing patterns in local capital planning.

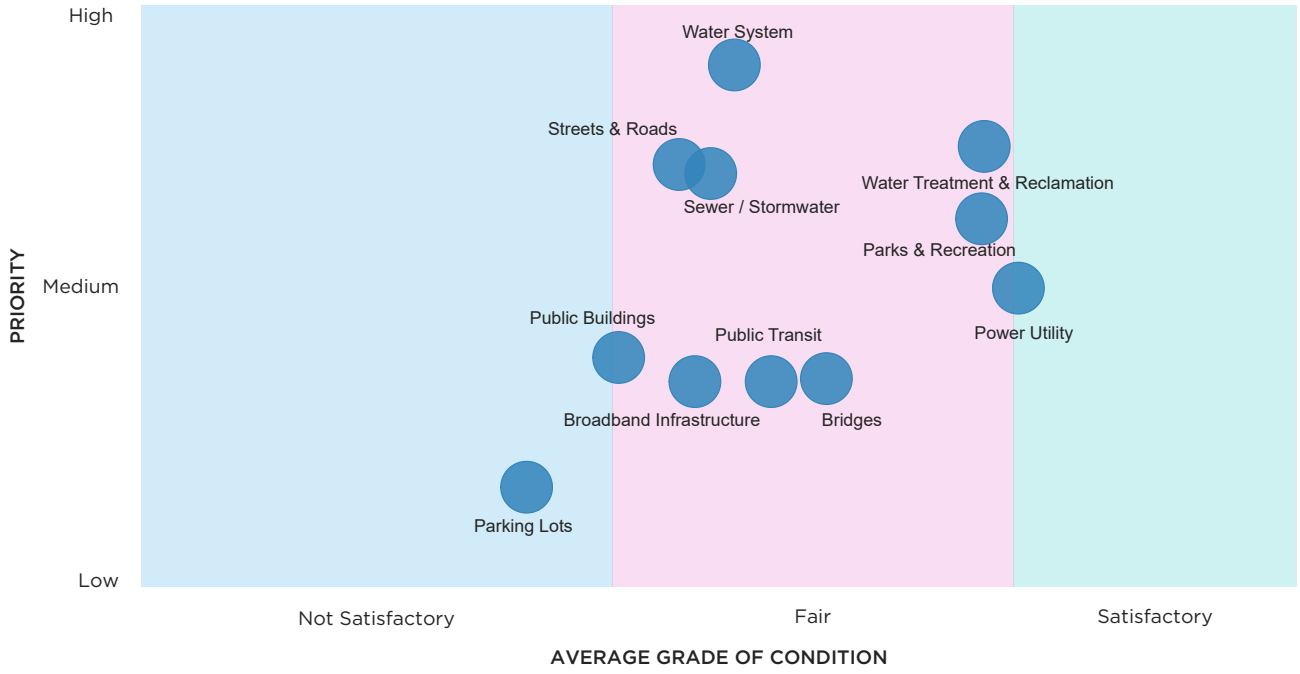
The 2026 survey results indicate a general pattern: responding cities tend to prioritize the infrastructure systems that are in greatest need of attention. Assets with the lowest perceived condition ratings — such as water systems, sewer and stormwater infrastructure, and streets — are also among the most frequently identified as high-priority categories. This alignment may suggest that municipal leaders are directing resources toward the systems facing the most significant operational and regulatory pressures.

Water systems offer a case of sustained focus: 61 percent of respondents identify them as a high priority in both periods, even as raw data shows a shift in reported condition ratings (see Appendix B Table B3, Figure 2). A similar pattern of prioritization is evident in wastewater and stormwater infrastructure. Notably, for sewer systems, the decline in reported conditions reached the level of statistical significance, yet 53 percent of responding cities continue to assign them high priority in 2026. Streets, another category with substantial maintenance needs, remain one of the most frequently cited high-priority assets,

FIGURE 2

MUNICIPAL PRIORITIES REFLECT THE STRAIN ON CORE INFRASTRUCTURE SYSTEMS

REPORTED CAPITAL ASSET CONDITIONS AND PRIORITIES



Source: National League of Cities Municipal Infrastructure Conditions 2026 Survey (N = 64).
Figure Note: Ratings D+F, C and A+B are labeled as Not Satisfactory, Fair and Satisfactory respectively. High, Medium and Low represent priority levels.

suggesting that local leaders are maintaining a consistent focus on these core utilities regardless of year-over-year fluctuations in perceived asset health.

In contrast, several of the higher-quality assets — such as parks and recreation facilities and power utilities — tend to receive more moderate priority levels. These systems continue to perform relatively well, and cities in the sample appear to be maintaining them through steady, ongoing, and possibly lower demand investment rather than urgent, large-scale interventions.

Only a small number of categories fall into the "low condition, low priority" space. Public buildings and parking lots stand out as examples where deteriorating conditions have not translated into higher prioritization. These patterns could reflect the difficulty of funding major building renovations, the tendency to defer maintenance on non-critical facilities or the limited visibility of these assets compared to core service infrastructure that directly impacts resident quality of life.

Taken together, the 2026 data provides a directional indication that municipal priorities generally track closely with areas of perceived need. Responding municipalities appear to be directing attention toward the systems under the most strain, even as they work to maintain stability in higher-performing categories. This alignment underscores the importance of sustained funding and long-term planning to help local governments address both immediate challenges and long-term capital projects.

FACTORS SHAPING CAPITAL DECISIONS

THE FACTORS GUIDING municipal capital decisions in 2026 appear broadly similar to those reported in 2022. The **availability of funds remains the single most influential driver of capital investment**, underscoring the central role of fiscal capacity in shaping what cities in the sample can realistically undertake. Recommendations from public works and enterprise staff continue to carry substantial weight, as do the priorities of elected officials and the direction set by strategic plans.

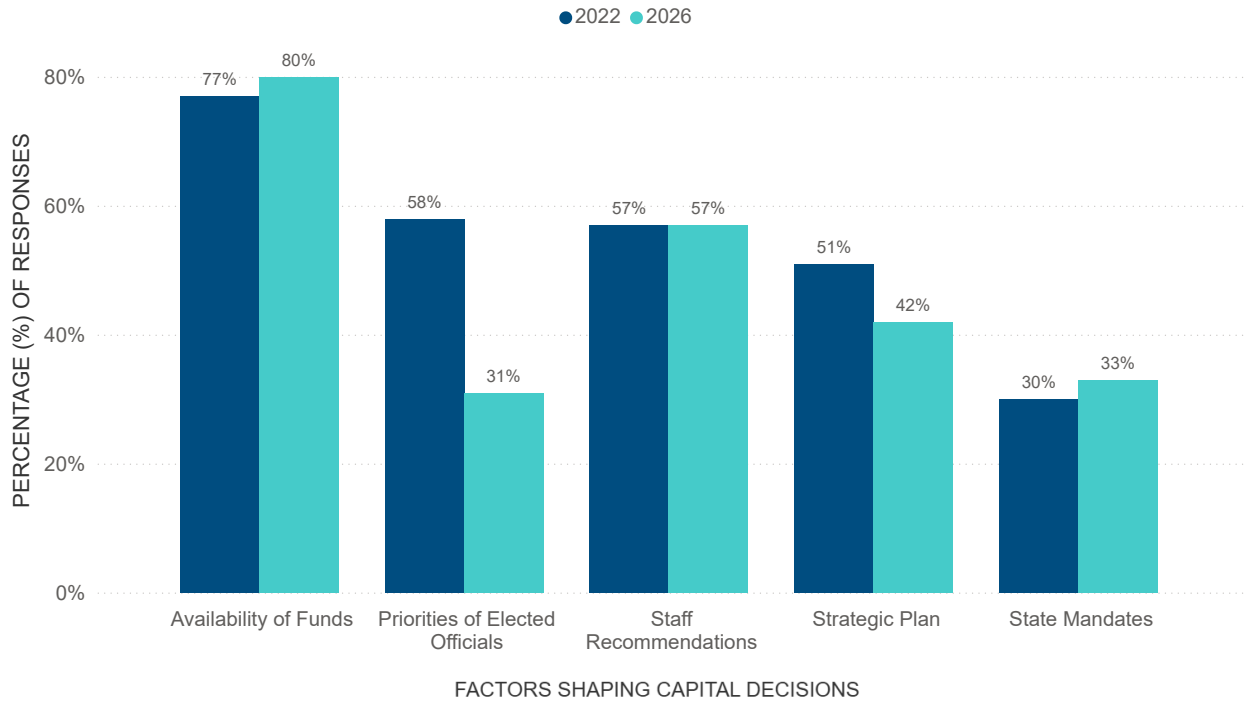
Other influences — such as public input, external consultants and limits to local authority (including county ordinances and state mandates) — continue to play comparatively modest roles.* Notably, reliance on land-use and comprehensive plans was reported as having declined between 2022 and 2026, suggesting that some cities may be shifting toward more immediate operational considerations as they navigate inflation, workforce shortages and aging infrastructure.

* Read more about home rule and local authority in NLC's 2020 publication Principles of Home Rule for the 21st Century.

FIGURE 3

FUNDING AVAILABILITY REMAINS THE DOMINANT INFLUENCE ON CAPITAL PLANNING

PERCENTAGE (%) OF RESPONSES OF KEY FACTORS INFLUENCING MUNICIPAL CAPITAL DECISIONS



Source: National League of Cities Municipal Conditions 2022 (N=177) and 2026 (N=70) Survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sizes. Key factors determined as those were identified as influencing municipal capital decisions "to a great extent". Factors shown here were the most common identified in 2026 survey, see Appendix B Table B4 for other factors.

VALUE OF THE INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

THE 2026 MIC survey included new questions to explore how grants from the IIJA may be influencing local infrastructure work. While a small sample, these responses offer an early look at where communities are beginning to see results and where projects remain in development.

FEDERAL GRANTS ARE REPORTED VALUABLE IN TRANSPORTATION AND WATER INFRASTRUCTURE

Respondents most often noted the positive influence of federal grants for transportation and water systems. Several categories — such as streets, bridges, sewer and stormwater, and water treatment — were more frequently

associated with at least some positive results from federal funding. These patterns generally align with IIJA's major program areas, though the small sample limits broader generalization.

The NLC's Rebuilding Together[24] analysis similarly shows that over 1,600 cities have already successfully secured approximately $12.7 billion in total federal infrastructure funding.* Notably, the IIJA has been most effective for municipalities in the water and energy sectors, where state-level offices have funneled over 70 percent of available funds directly to local governments.

MOST IIJA FUNDED PROJECTS ARE STILL IN PROGRESS OR YET TO BEGIN

Most respondents indicated that their IIJA supported projects are still underway. A small number reported projects ahead of schedule, while roughly one third said projects were on schedule. Others noted delays or that projects had not yet begun. These responses suggest that many communities may still be in early phases of planning, permitting or procurement, which may be contributing to slower visible progress and quality ratings. While the IIJA programs will expire in 2026, communities have several years to complete their projects based on when the contract is signed.

IIJA MILESTONES

1. **Program Authorization**
   11/2021 → 9/2026
2. **Grant Application Cycle**
   1/2022 → ongoing
3. **Fund Obligation**
   FY 2022 → FY 2026
4. **Project Expenditure**
   FY 2023 → FY 2031

EXPECTATIONS FOR LONG-TERM COMMUNITY BENEFIT

When asked about the level of confidence in long-term community benefits of IIJA investments, most respondents expressed at least some confidence (more than 60 percent). However, many were unsure, reflecting the early stage of implementation and the time required for major infrastructure projects to demonstrate lasting effects.

While early signs point to activity in transportation and water systems, the full impact of IIJA funding will likely become clearer as more projects advance and communities gain experience navigating new programs and requirements.

* For updated statistics, please refer to NLC's Rebuilding America: Tracking Federal Investment in Local Infrastructure Projects website.

CONCLUSION

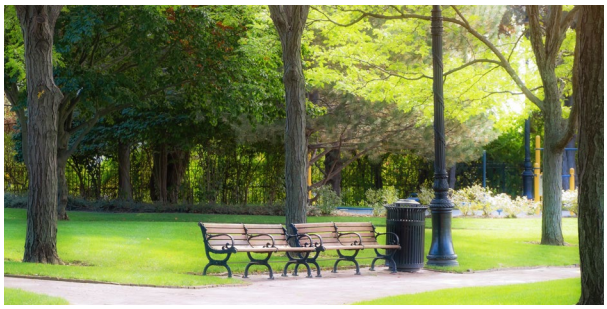
THE 2026 MUNICIPAL Infrastructure Conditions survey offers a timely look at how participating cities, towns and villages are navigating the ongoing challenges of maintaining and improving their infrastructure in an era of changing federal investment. The results provide insight into how local officials perceived the condition of their assets, where they are directing their attention and how broader economic and regulatory shifts may be shaping their decisions.

Across the survey, respondents describe a landscape marked by both stability and emerging pressures. Several infrastructure categories — such as parks, power utilities and broadband — were reported as relatively steady, suggesting that ongoing maintenance and targeted investments may help communities sustain performance in these areas. At the same time, other systems, particularly water and sewer infrastructure, were more frequently described as facing strain. These patterns may reflect a combination of long-standing capital needs, heightened regulatory requirements and increased awareness as federal programs from the IIJA continue to roll out.

The survey also highlights the practical realities that shape local capital planning. Fiscal capacity remains a central influence on what municipalities can undertake, and many respondents noted the importance of staff expertise, strategic plans and elected officials' priorities in guiding decisions. Financial and administrative constraints continue to play a role as well, affecting the pace at which projects can move forward and the ability of communities to take full advantage of available funding opportunities.

Although the findings represent a limited sample, they point to several themes that may be relevant for local governments more broadly:

- Importance of sustained investment in core systems
- Need for flexible and predictable funding streams
- Value of technical support that helps communities navigate complex regulatory and administrative requirements



These are important priorities for local governments as Congress debates legislation for surface transportation and water infrastructure reauthorization. Additionally, as federal and state programs evolve and new funding opportunities emerge, these insights can help inform ongoing conversations about how best to support the infrastructure that residents rely on every day.

Ultimately, the 2026 MIC survey underscores the continued commitment of local governments to maintaining and improving their infrastructure, even amid fiscal pressures and operational challenges. While the full impact of recent federal investments will take time to materialize, the responses collected here offer a grounded view of how municipalities are working to meet both immediate needs and long-term goals in a period of ongoing change.

APPENDICES

APPENDIX A: METHODOLOGY

NLC sent a survey (from December 9, 2025, through January 23, 2026) to public works directors and staff, city engineers and city managers from municipalities of varying sizes from different regions across the nation to investigate the conditions and priorities of municipal infrastructure. Survey questions mirrored those fielded in 2022 to allow for a comparison between the two time periods given substantial changes in federal infrastructure investment over the last four years.

APPENDIX TABLE A1
DISTRIBUTION OF 2026 SURVEY SAMPLE

	POPULATION (%)				
Region (%)	**< 50,000**	**50,000 – 99,999**	**100,000 - 300,000**	**> 300,000+**	**Total**
Midwest	15%	5%	3%	3%	**25%**
NE/MidAtlantic	3%	1%	1%	0%	**5%**
South	24%	8%	5%	1%	**39%**
West	15%	8%	3%	5%	**31%**
Total	**56%**	**23%**	**12%**	**9%**	**100%**

Source: National League of Cities Municipal Infrastructure Conditions 2026 survey (N=75).

APPENDIX TABLE A2
DISTRIBUTION OF 2022 SURVEY SAMPLE

	POPULATION (%)				
Region (%)	**< 50,000**	**50,000 – 99,999**	**100,000 - 300,000**	**> 300,000+**	**Total**
Midwest	6%	3%	3%	2%	**15%**
NE/Mid-Atlantic	1%	2%	0%	1%	**4%**
South	7%	14%	10%	6%	**36%**
West	9%	14%	15%	7%	**45%**
Total	**23%**	**33%**	**28%**	**16%**	**100%**

Source: National League of Cities Municipal Infrastructure Conditions 2022 survey (N=124).

The 2026 survey yielded a total of 75 responses from municipal leaders across the country. While not a large sample, it aligns with previous survey iterations and captures the trends in municipal capital planning. Furthermore, the findings observed in this sample are consistent with qualitative data and broader technical assessments from other national studies. By utilizing a targeted sampling approach of local officials, the results provide an "on-the-ground" perspective that validates the fiscal and administrative realities facing U.S. municipalities today.

The goal for this year's report is to better understand (a) how asset conditions, priorities and financing approaches have changed since 2022, and (b) how respondents perceive the impacts IIJA may have had (in their views) on their infrastructure.

A greater percentage of respondents in 2026 are cities with population size greater than 50,000, and the lower percentage are cities with over 300,000 residents. As for regional distribution, we observed a lower rate of response from the NE/Mid-Atlantic region, while South and West regions recorded the highest rate of responses.

When comparing results from 2022 and 2026, it is important to note shifts in the respondent profile. The 2026 respondent pool consists of a higher proportion of smaller municipalities, with 56 percent of participating cities having populations under 50,000, compared to just 23 percent in 2022. Regionally, while the South and West continue to provide the bulk of the data, the 2026 sample saw an increased relative voice from Midwest municipalities. These shifts highlight the growing engagement of smaller communities in national infrastructure dialogue but should be considered when evaluating aggregate shifts in condition ratings and funding priorities.

APPENDIX B: FIGURE TABLES

TABLE B1
REPORTED CITIES RELY MORE ON CASH-BASED FUNDING

SUBTITLE: REPORTED KEY METHODS OF MUNICIPAL INFRASTRUCTURE FUNDING IN 2026

Funding Method	2022	2026	Change
Mix of Pay Go +Pay Use	86%	71%	▼
Pay go only	10%	20%	▲
Pay use only	4%	9%	▲

Source: National League of Cities Municipal Infrastructure Conditions 2022 (N=125) and 2026 (N=69) survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sample sizes.

TABLE B2, FIGURE 1
REPORTED HIGH-CONDITION RATINGS SHOW MIXED TRENDS FROM 2022 TO 2026

SUBTITLE: REPORTED MUNICIPAL CAPITAL ASSET CONDITIONS WITH A COMBINED A AND B RATING

Asset Category	A		B		C		D		F		Direction
	2022	2026	2022	2026	2022	2026	2022	2026	2022	2026	
Streets & Roads	10%	10%	45%	28%	34%	35%	10%	25%	1%	2%	▼ Decline
Bridges	10%	10%	40%	42%	38%	28%	10%	16%	1%	4%	▶ Stable
Public Buildings	7%	2%	40%	27%	40%	46%	12%	20%	2%	5%	▼ Decline
Water System	22%	6%	60%	33%	17%	43%	0%	16%	1%	2%	▼ Decline
Sewer / Stormwater	14%	5%	47%	37%	32%	32%	5%	19%	1%	7%	▼ Decline
Parks & Recreation	20%	17%	44%	46%	34%	30%	2%	7%	1%	0%	▶ Stable
Public Transit	10%	4%	47%	36%	34%	50%	8%	4%	2%	7%	▶ Stable
Parking Lots	3%	0%	44%	22%	42%	46%	10%	28%	1%	4%	▼ Decline
Water Treatment & Reclamation	31%	18%	55%	50%	11%	18%	1%	11%	2%	2%	▶ Stable
Broadband Infrastructure	16%	14%	39%	21%	34%	43%	5%	7%	5%	14%	▶ Stable
Power Utility	32%	27%	45%	47%	19%	13%	0%	13%	3%	0%	▶ Stable

Source: National League of Cities Municipal Infrastructure Conditions 2022 (N=91) and 2026 (N=63) survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sample sizes.

TABLE B3, FIGURE 2:

MUNICIPAL PRIORITIES REFLECT THE STRAIN ON CORE INFRASTRUCTURE SYSTEMS

SUBTITLE: REPORTED MUNICIPAL CAPITAL ASSET CONDITIONS AND PRIORITIES

Asset Category	Priority			Condition		
	High	Medium	Low	A and B	C	D/F
Streets & Roads	61%	24%	15%	38%	35%	27%
Bridges	15%	45%	40%	52%	28%	20%
Public Buildings	15%	52%	33%	29%	46%	25%
Water System	61%	37%	2%	39%	43%	18%
Sewer / Stormwater	53%	37%	10%	42%	32%	25%
Parks & Recreation	35%	57%	9%	63%	30%	7%
Public Transit	18%	39%	42%	39%	50%	11%
Parking Lots	2%	35%	63%	22%	46%	32%
Water Treatment & Reclamation	57%	37%	7%	68%	18%	14%
Broadband Infrastructure	21%	32%	47%	36%	43%	21%
Power Utility	33%	39%	28%	73%	13%	13%

Source: National League of Cities Municipal Infrastructure Conditions 2026 survey (N=64).

TABLE B4, FIGURE 3:

FUNDING AVAILABILITY REMAINS THE DOMINANT INFLUENCE ON CAPITAL PLANNING

SUBTITLE: REPORTED (AS "TO A GREAT EXTENT") KEY FACTORS INFLUENCING MUNICIPAL CAPITAL DECISIONS IN 2026

Factor	2022	2026	Change
Availability of funds	77%	80%	≈
Staff recommendations	57%	57%	≈
Priorities of elected officials	58%	31%	▼
Strategic plan	51%	42%	▼
Land use / comprehensive plan	37%	22%	▼
Municipal ordinances	31%	25%	▼
State mandates	30%	33%	▲
General public input	24%	15%	▼
External consultants	18%	13%	▼
County ordinances	14%	13%	≈

Source: National League of Cities Municipal Infrastructure Conditions 2022 (N=117) and 2026 (N=70) survey.
Figure Note: Differences between years are not statistically significant, possibly due to small sample sizes.

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