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How Federal Climate Investments are Reshaping Colorado

In 2021 and 2022, Congress enacted two significant climate bills: the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA). Together, these laws dedicate more than $2 trillion dollars to improving health by reducing harmful climate pollution, lowering energy costs through increased local clean energy development, and improving community resilience to storms, floods, fires, and other climate-related challenges—ultimately improving the lives of millions throughout the country, including Colorado. Additionally, the bills allocate specific funding for low-income and frontline communities, ensuring that these investments and benefits reach those who have disproportionately suffered from climate change and rising energy costs due to a history of underinvestment and redlining. Cutting these investments would have a devastating effect on American households and be especially ruinous for the communities most affected by the impacts of climate change.

This fact sheet provides an overview of federal climate investments from the IRA and IIJA made in Colorado to improve health, energy costs, and community resilience.

What are the key impacts of federal climate investments?

Nationally, federal climate investments from the IRA and IIJA have spurred billions in private clean energy investments, supported over a thousand clean energy projects, and created hundreds of thousands of new jobs across the country, particularly in underserved communities most impacted by the negative effects of climate change.

By the Numbers

Nationally, funding from IRA and IIJA has led to massive investments and job booms across the country. Since the IRA was passed, companies have announced 751 new clean energy projects totaling 406,007 new jobs and over $422 billion in investments across the country. Millions of Americans have also benefited from the IRA's individual tax credits. More than 3.4 million American families have already claimed more than $8 billion in residential clean energy and home energy efficiency credits to improve their homes and lower energy costs.

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These federal investments are bringing funding, private investments, clean energy projects and jobs, and more to Colorado. A few highlights include:

IRA and IIJA Impacts on Colorado					
Total Grants and Loans Received+	Federal Grants Awarded+	Clean Energy Projects*	Clean Energy Jobs Created*	Private Investments*	Facilities in/serving low-income communities in 2023
$3,394,518,492	427	9	3,824	$1,060,000,000	331
* = since IRA passed + = From IRA and IIJA Combined, through January 2024 ' = in 2023 Source: Climate Program Portal; Climate Power "State of the Clean Energy Boom"; State Data.xlsx					

By Impact

Importantly, these investments are helping improve environmental conditions, reduce energy bills, and improve the state's resilience to the effects of climate change.

Improving Health Outcomes: Exposure to air pollution, which can come from emissions from vehicles, coal-fired power plants, and forest fires, has negative health consequences, especially for children. Studies show that exposure to air pollution, especially particulate matter 2.5 from power plants, industries and automobiles, can have long-term negative impacts on children's health, such as increased respiratory infections and lung damage.

One federal program helping address this is the Greenhouse Gas Reduction Fund - Solar For All, which provides $7 billion for 60 grant recipients across the country that create or expand low-income solar programs, enabling over 900,000 households in low-income and disadvantaged communities to benefit from distributed solar energy. Since 2024, Colorado has received $156 million in funding from this program, which provides single-family rooftop solar and multifamily rooftop solar across the entire state.

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Decreasing Energy Bills: More than a third (38%) of households in the U.S. face high or severe energy burden, meaning they spend more than six and 10% respectively of their income on energy bills. Low-income households are also more likely to be energy burdened. In Colorado, extremely low-income households (under 30% Area Median Income) spend an average of 7% of their income on energy costs. Research shows that improving home weatherization and energy efficiency can save households thousands of dollars a year.

The IRA made several tax credits available for home energy upgrades, such as installing solar panels or electric heat pumps, for both individual households and organizations (including non-tax paying entities, through direct pay). Additionally, the Home Energy Rebates program created through the IRA is providing Colorado with funding for technical assistance and direct discounts to households to improve the weatherization and energy efficiency of their homes and household appliances. Colorado has received $70.8 million through the Home Energy Rebates program.

Eliminating direct pay or clean energy tax credits would raise project costs for Colorado schools. Several schools statewide are eligible to receive credits for recently completed projects—repealing those credits, or the ability to claim them through direct pay, would be costly for these districts and stifle additional progress. Three schools in the Denver Public School district (DPS) recently installed solar outdoor learning spaces, and eleven more schools in the DPS plan to install solar panels in 2025. At Telluride Elementary School, renovations are expected to reduce annual energy costs by nearly 33% and extend the average service life of proposed measures by 25.7 years through the installation of solar photovoltaic technology, upgraded light fixtures, remediation of several building envelopes, and the standardization of equipment. The upgrades will also make it easier for facility managers to manage energy usage, especially during the harsh winter months.

Over the next decade in Colorado, Advanced Energy Tax Credits are estimated to generate $48 billion in private sector investments and $14.7 billion in new manufacturing investments.

Improving Climate Resilience: Climate change is a serious threat to the health and economic security of Coloradans but is felt disproportionately by low-income communities and communities of color highly exposed to climate risks. The effects of climate change, such as worsened air quality, water quality, and wildfires, impact infrastructure reliability and safety, human health, agriculture and other industries, and our economy.

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Many IRA programs are helping build climate resilience, including in low-income and communities of color that are disproportionately affected by climate change. One such program is the Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation Program (PROTECT), which helps improve surface transportation—such as public transportation, bridges, and roads—resilience to flooding and extreme weather events. In Colorado, the City of Golden received $23.8 million in 2024 to install culverts, construct a regional detention facility, stabilize eroding channels, add safety signage, and fill sections with rocks and natural materials. This work controls flooding in Lena Gulch, which runs along U.S. 40 and poses threats to residential and commercial properties and emergency response capabilities. Overall, Colorado has received $96 million through the federal PROTECT program.

Colorado has received over $323 million from three key federal climate programs:

Focus	Bill	Program Name	Amount Received	Recipient(s)
Addressing Pollution	IRA	Greenhouse Gas Reduction Fund - Solar For All	$156,120,000	The Colorado Energy Office
Reducing Energy Bills	IRA	DOE's Home Energy Rebates	$70,823,951	Southern Ute Indian Tribe, Ute Mountain Ute Tribe, and the Kentucky Department for Energy Development and Independence
Improving Climate Resilience	IIJA	DOT's Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation Program (PROTECT)	$96,096,545	State of Colorado, City of Aurora, City and County of Denver, and the City of Golden
Note: The above programs are examples of programs that have received funding from IRA/IIJA. These bills have created or funded over a hundred environmental justice and				

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climate related programs. Several programs, like the Greenhouse Gas Reduction Fund and the Clean Energy Tax Credits, which can benefit environmental conditions, social and health outcomes, energy bills, and clean energy jobs. Other example programs under these categories include:

Addressing air pollution: Diesel Emissions Reductions; Funding to Address Air Pollution at Schools; Clean Air Grants
Lowering Energy Costs: Rural Electricity Programs
Improving Climate Resilience: Green and Resilient Retrofits Program; Grid Resilience and Innovation Partnerships (GRIP) Program; Tribal Community Resilience Award

Source: Climate Program Portal, data pulled March 7, 2025.
https://climateprogramportal.org/outcomes-dashboard/

Stories

These federal funds have far-reaching impacts across the state. From improving the air we breathe to lowering our energy costs, here is a select project in Colorado that was spurred by critical federal climate investment.

Community Wildfire Defense Grant Program For At-Risk Communities Project: Colorado has received over $74 million in federal IIJA funds through the Community Wildfire Defense Grant Program For At-Risk Communities Project to prevent wildfires and complete restoration projects.

In 2024, the Beulah Fire Protection and Ambulance District received over $7 million from the Community Wildfire Defense Grant Program For At-Risk Communities to fund a mix of forest thinning, mastication, and fuel break treatments to reduce the fuel loads in Southwest Pueblo County. The project also provides guidance and direction, financial assistance, organization, and implementation assistance to homeowners in the Home Ignition Zone (HIZ), ingress and egress, and thinning needed for protection in the event of wildfire.

In 2024, the same program funded almost $10 million towards implementing priority wildfire risk reduction projects in Archuleta County. The project also mitigates wildfire risk to critical source watersheds and critical infrastructure of the San Juan-Chama Project (SJCP) that provides water to cities and irrigators in watersheds that provide 50% Santa Fe's and 90% of Albuquerque's drinking water.

Analysis from the Colorado State Forest Service shows that just under half of Colorado's population, about 2.5 million people, lives in the wildland-urban interface.

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Of these Coloradans, more than one million live in areas with moderate to very high risk of wildfire.

"Wildfire has had a devastating impact on Coloradans and our communities and we all know that we are one lighting strike or one unattended campfire away from our next megafire in Colorado. Our only choice is to be prepared for this inevitability through fuels reduction, education and outreach, and planning," said Dan Gibbs, Colorado Department of Natural Resources executive director. We know in Colorado, federal investments in protecting our state's land, air, and water are crucial to the health and wellbeing of all Coloradans, and these federal investments must be defended.