

The Potential Economic Impacts of the Trump Infrastructure Plan

2018 Transportation Summer Camp
Day 1: Board Meeting

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Regional Economic Models, Inc.

REMI's 35-year history of rigorous academic research and software development has led to the development of the the industry standard in macroeconomic research methodology.

- Dynamic macroeconomic impact analysis models
- Software training and unlimited technical support
- Annual updates with ongoing research and development



Los Angeles County Metropolitan Transportation Authority (Metro)



Use of Macroeconomic Models

Long-Range Planning

Project Prioritization

Transportation Finance

Economic Impact Analysis

Grant Applications

TIP and STIP Planning

Regional Transportation Plans

Benefit-Cost & Benefit-Cost Ratio Analysis

Trump's Infrastructure Plan



- President Trump proposed spending \$200 billion in federal funds to stimulate a total of \$1.5 billion in infrastructure investment through P3s
 - As a candidate, Trump promised a major boost in infrastructure spending
 - The Trump plan counts on state and regional authorities and private industry to cover most of the costs
 - Congressional Democrats and other critics expressed skepticism
 - Argue that federal contribution is insufficient to induce a promised investments
- Infrastructure plan took back burner
 - No legislation expected before midterm election; White House plans to renew push for plan next year

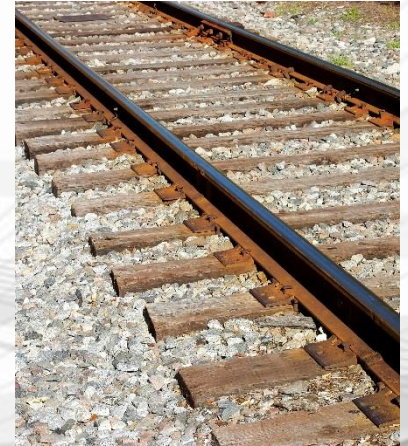
Unclear Outlook for Major Investments

- While any major initiative is on hold for now, the federal government increased transportation spending in appropriations legislation
 - Congress passed omnibus spending bill in March to fund government for FY2018 (through September 30th)
 - Provided U.S. Department of Transportation (DOT) with \$27.3 billion in discretionary appropriations, \$8.7 billion more than approved for FY17
 - Included an additional \$1 billion in National Infrastructure Investment/TIGER grants
 - In May, House Appropriations Committee included \$27.8 billion in discretionary DOT funding for FY2019
 - \$542 million more than FY2018 approved level and \$11.7 billion above President Trump's request

Sources: American Society of Civil Engineers, House Appropriations Committee

State Planning for Uncertain Future

- The future of funding major projects is unclear
 - Gateway transportation project, a renovation and expansion of the Northeast Corridor rail line, is an example (Source: NJ Spotlight)
 - Trump is reportedly linking funding for the New York-New Jersey project to his proposed southern border wall
 - Trying to use Gateway as leverage over Senate Minority Leader Chuck Schumer (D-N.Y.), a supporter of project
- State and local authorities need to evaluate ways to meet future infrastructure needs, potentially in the absence of a significant boost in federal spending and other traditional funding sources
 - Federal government could be an unreliable partner in transportation for the near future
 - State and local officials could identify different sources of revenue, evaluate the potential fiscal and economic costs and benefits of various projects



Technological Revolution

- Cutting edge technologies and disruptive business models are changing transportation
 - ▣ Ride-hailing and vehicle rental apps
 - ▣ Low-emission and electric vehicles
 - ▣ Driverless cars
- Changes in technology raise questions about future policies
 - ▣ Is it time to charge motorists by mileage?
 - ▣ Are new regulations required to govern ride-share businesses and driverless vehicles?

Ride Hailing & Future of Transit

- Uber & Lyft offer alternative to traditional taxi services
- Could public transit be the next mode of transportation disrupted by ride sharing?
 - ▣ Local transportation agencies in Pinellas County, Florida and some other regions have partnered with Uber or Lyft
 - Programs partially subsidize ride-hailing to fill in gaps in public transit service
 - Cost effective way to areas with a small number of riders
 - ▣ Ride hailing may not replace traditional transit, but could remain a link in the larger transportation network

Sources: Bloomberg, Slate

What does the USDOT want?

- Example: Elements of winning BUILD (formerly TIGER) grant applicants
 - Improves resilience of systems
 - Safety
 - Sustainability
 - Quality of life
 - Contributes to medium- to long-term economic competitiveness
- FDOT tends to look at similar metrics
- State governments are placing greater emphasis on economic growth and ROI
- Public-private partnerships (P3s) place a particular emphasis on economic and financial viability.

Transportation and Economic Development

**Construction
O&M**



**Employment
Opportunities**



Labor Accessibility



**Commuting; Labor
productivity**

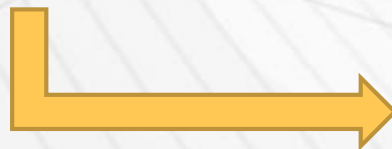


Intermediates Accessibility



**Materials to
factories**

Final Goods Accessibility

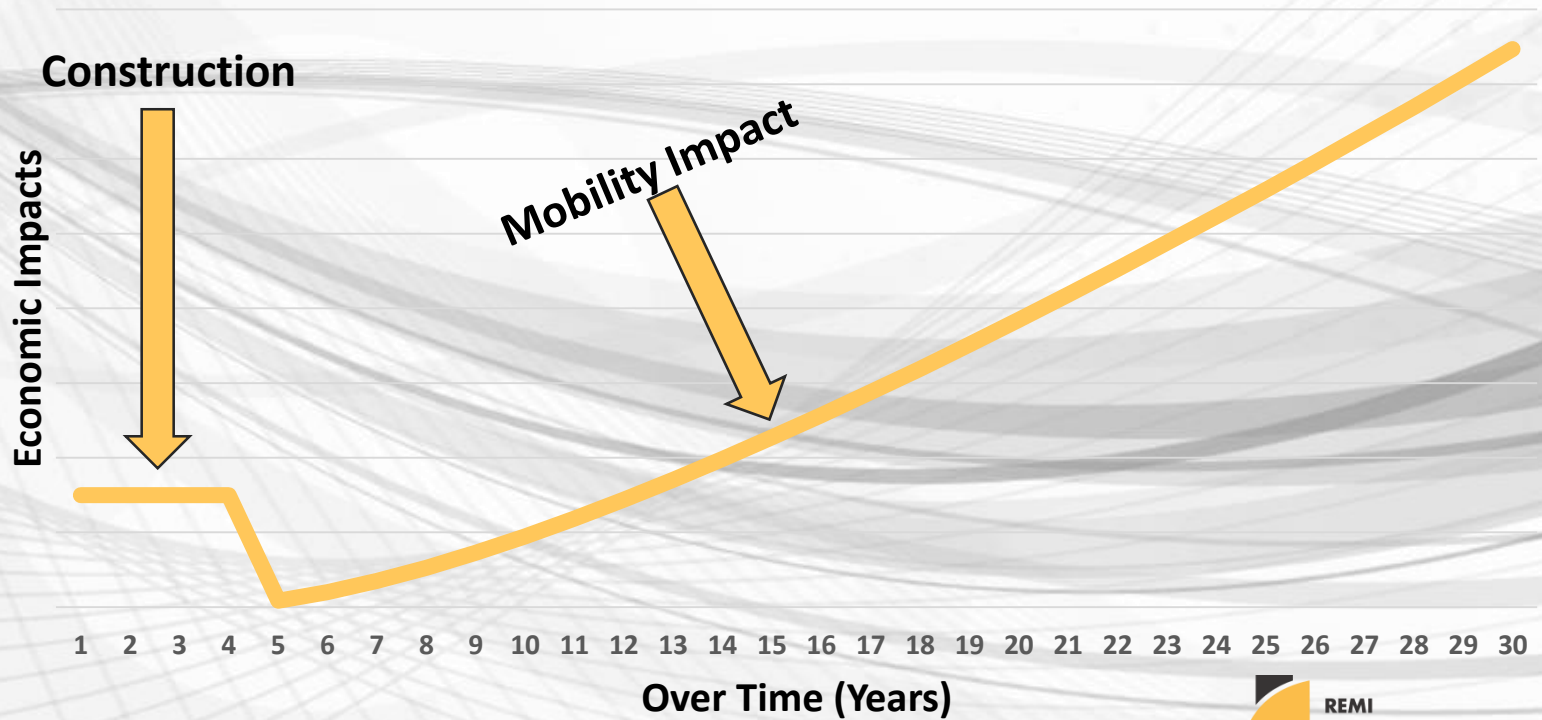


**Goods and
services to
consumers**



Project Life Cycle Multi-Year Economic Impact

Sample Project



Types of Results



Economic Results

- Employment, Personal Income, Output and Demand, GDP, Consumption, Relative Costs, Compensation, Occupation, and others



Demographic Results

- Population (Age, Race, and Sex)
- Components (Births, Deaths, Migrants)



Transportation Results

- **Benefit Cost Analysis**
 - *Customizable Benefit/Cost ratio*
- **Transportation Summary**
 - *Labor and Commodity Access*
 - *Production Cost and Delivered Price Impacts*
- **Domestic Trade Flows**
 - Evaluate impact of transportation efficiency on the community and economy

Hypothetical Interactive Simulation Results: 1% Increase in Transportation Network Improvements

Questions

- For additional questions beyond allotted time, please speak with us or go to www.remi.com.
- Additional information on Economic Impact Analysis for Transportation Planning Evaluation from FHWA
 - Macroeconomic Analysis of Florida's Transportation Investments
 - <http://www.fdot.gov/planning/policy/economic/macroimpacts0115.pdf>
 - A Provisional Typology of Highway Economic Development Projects
 - http://www.fhwa.dot.gov/planning/economic_development/technical_and_analytical/typology.cfm
 - Toolbox for Regional Policy Analysis Report – Economic Development Impact Methodologies
 - https://www.fhwa.dot.gov/planning/processes/tools/toolbox/methodologies/economic_overview.cfm
- Additional studies and resources are available upon request.