

# 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

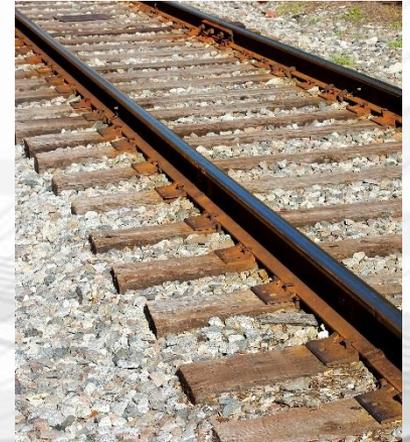
# Unclear Outlook for Major Investments

- 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 30<sup>th</sup>)
    - 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**

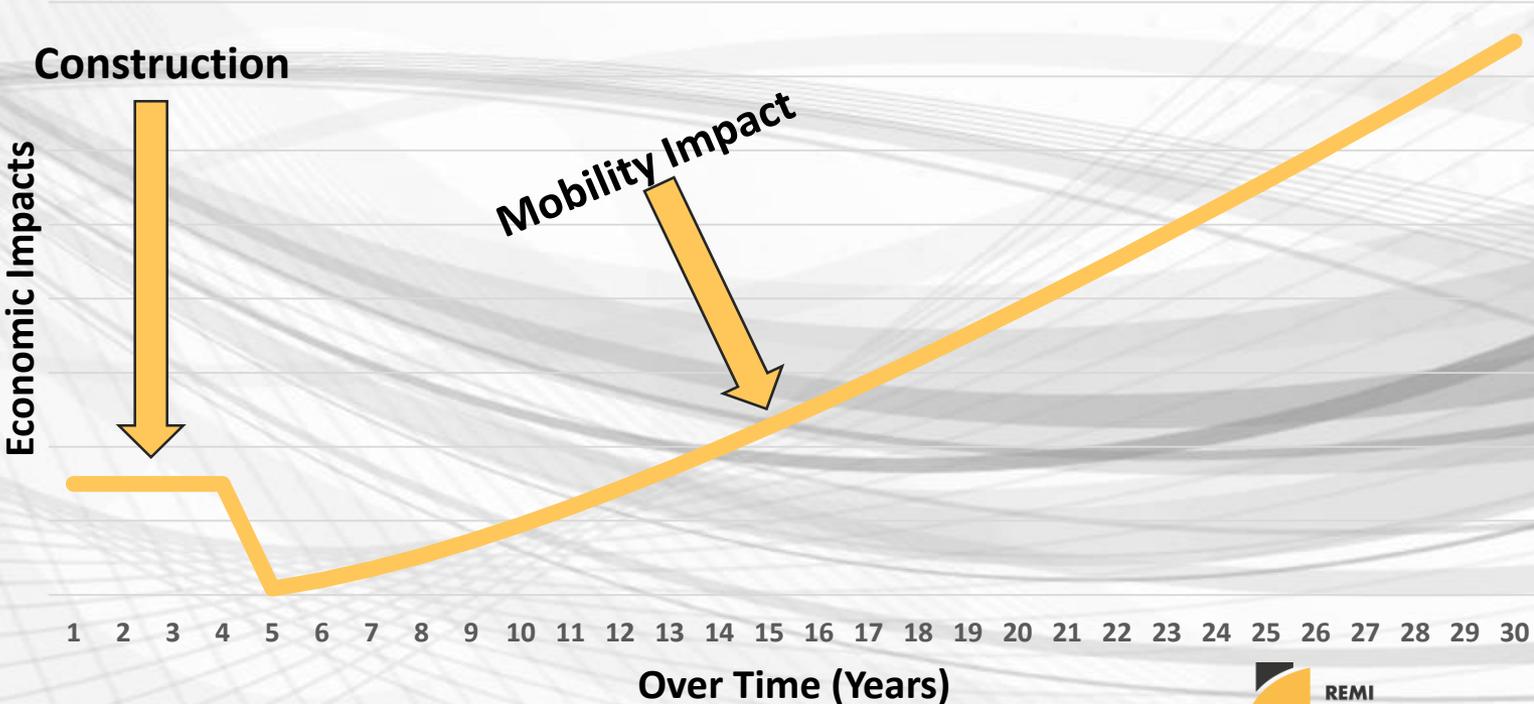


**Goods and  
services to  
consumers**



# 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](http://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](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](https://www.fhwa.dot.gov/planning/processes/tools/toolbox/methodologies/economic_overview.cfm)
- Additional studies and resources are available upon request.