The Potential Economic Impacts of the Trump Infrastructure Plan
REMI's 35-year history of rigorous academic research and software development has led to the development of 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
### 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
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.

Sources: New York Times, Transport Topics
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

Construction

Mobility Impact

Over Time (Years)

Economic Impacts

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
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
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
- A Provisional Typology of Highway Economic Development Projects
- Toolbox for Regional Policy Analysis Report – Economic Development Impact Methodologies

Additional studies and resources are available upon request.