Assessing the Economic Framework of the Bipartisan Infrastructure Deal

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what does REMI say?™

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what does REMI say? [sm]

About Us

We are the nation's leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they're implemented.

At REMI, we're inspired by a single goal: *improving public policies*.

what does REMI say? sm

About Us

At REMI, we're inspired by a single goal: *improving public policies.*

Our models are built for any state, county, or combination of counties in the United States.

<u>Our Representative Clients</u>

Our model users and consulting clients use REMI software solutions
to perform rigorous economic analysis that critically influences policy.

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Background of Proposed Infrastructure Policies

REMI

Biden Proposals

- American Jobs Plan
  - Released March 2021
- American Families Plan
  - Released April 2021
- Over $4 trillion in new spending

Bipartisan Framework

- Announced in June 2021
- Result of negotiations between moderate Democrat and GOP Senators
- Focus on "hard" infrastructure
- $579 billion in new spending

Reconciliation Measure

- Price Tag agreed in July 2021
- Includes both "hard" and "human" Infrastructure
- $3.5 trillion in new spending

what does REMI say? *sm*

Objectives of the Infrastructure Deal

Primary Goals

Workforce Development

Create good-quality jobs that pay prevailing wages while ensuring workers have the agency to organize, join a union, and bargain collectively.

Rebuild Competitive Edge

Revitalize manufacturing, secure U.S. supply chains, invest in R&D, and train Americans for the jobs of the future.

Improve Infrastructure

Fix highways, rebuild bridges, upgrade ports, airports, transit systems, and implement digital integration.

Incentivize Domestic Job Creation

Implement incentives that stop the shifting of jobs and profits abroad, and ensures corporations pay their fair share.

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Model Simulation Overview: BIF

REMI

Spending Categories	• Future Legislation Expenditures/line items • Spread over 5 years • Includes $578 Billion

Long Run Benefits Categories	• Represents Persistent Benefit of Infrastructure Investment • Improvement to Labor Access Index • Improvement to Commodity Access Index • Improvement to Labor Productivity – connected to broadband

"Cost" Categories	• Includes Corporate Tax Increase • Short Run Income Tax Increase

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Model Simulation Overview: Reconciliation Proposal

Spending Categories

- Future Legislation Expenditures/line items
- Spread over 5 years
- $3.914 Trillion

Long Run Benefits Categories

- Represents Persistent Benefit of Infrastructure Investment
- Improvement to Labor Access Index above BIF
- Improvement to Commodity Access Index above BIF
- Improvement to Labor Productivity above BIF – connected to broadband and education/workforce development programs
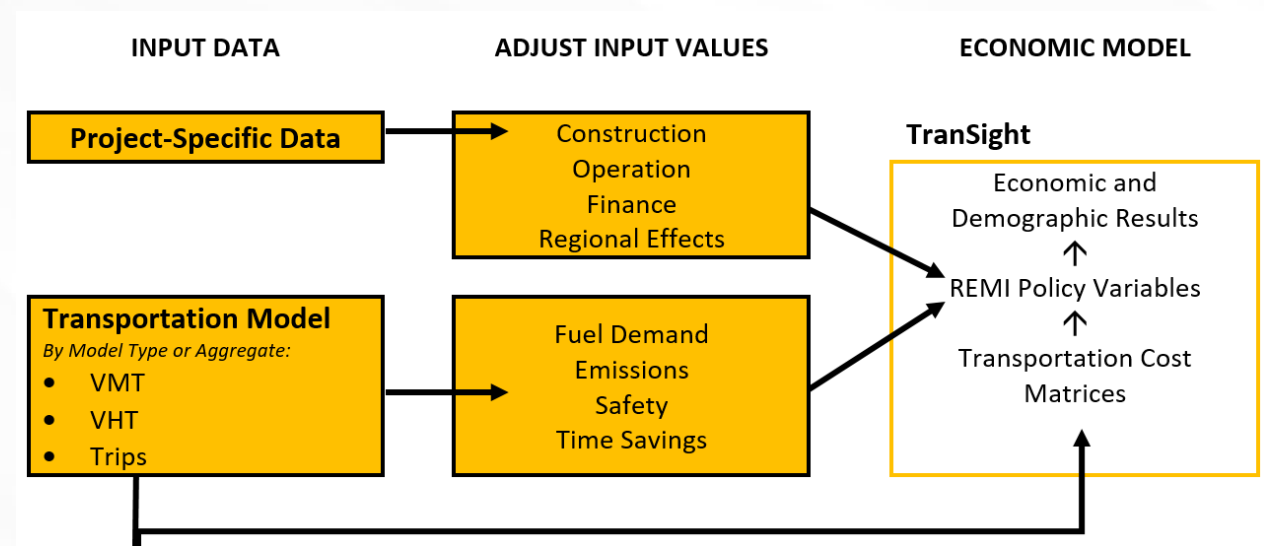
"Cost" Categories

- Wealth Tax
  - reduction in demand of financial services
  - Increase in Cost of Capital
- Corporate Tax Increase

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Model Simulation: REMI TranSight

TranSight is the premier software solution for comprehensive evaluations of the total economic effects of transportation policy.

Grounded in over 20 years of modeling experience, decision-makers depend on TranSight to forecast the short- and long-term impacts of transportation investments on jobs, population, income, and other economic variables

INPUT DATA   ADJUST INPUT VALUES   ECONOMIC MODEL

Project-Specific Data

Construction
Operation
Finance
Regional Effects

TranSight

Economic and Demographic Results
↑
REMI Policy Variables
↑
Transportation Cost Matrices

Transportation Model
By Model Type or Aggregate:
- VMT
- VHT
- Trips

Fuel Demand
Emissions
Safety
Time Savings

Live Demo

Gross Domestic Product(GDP)
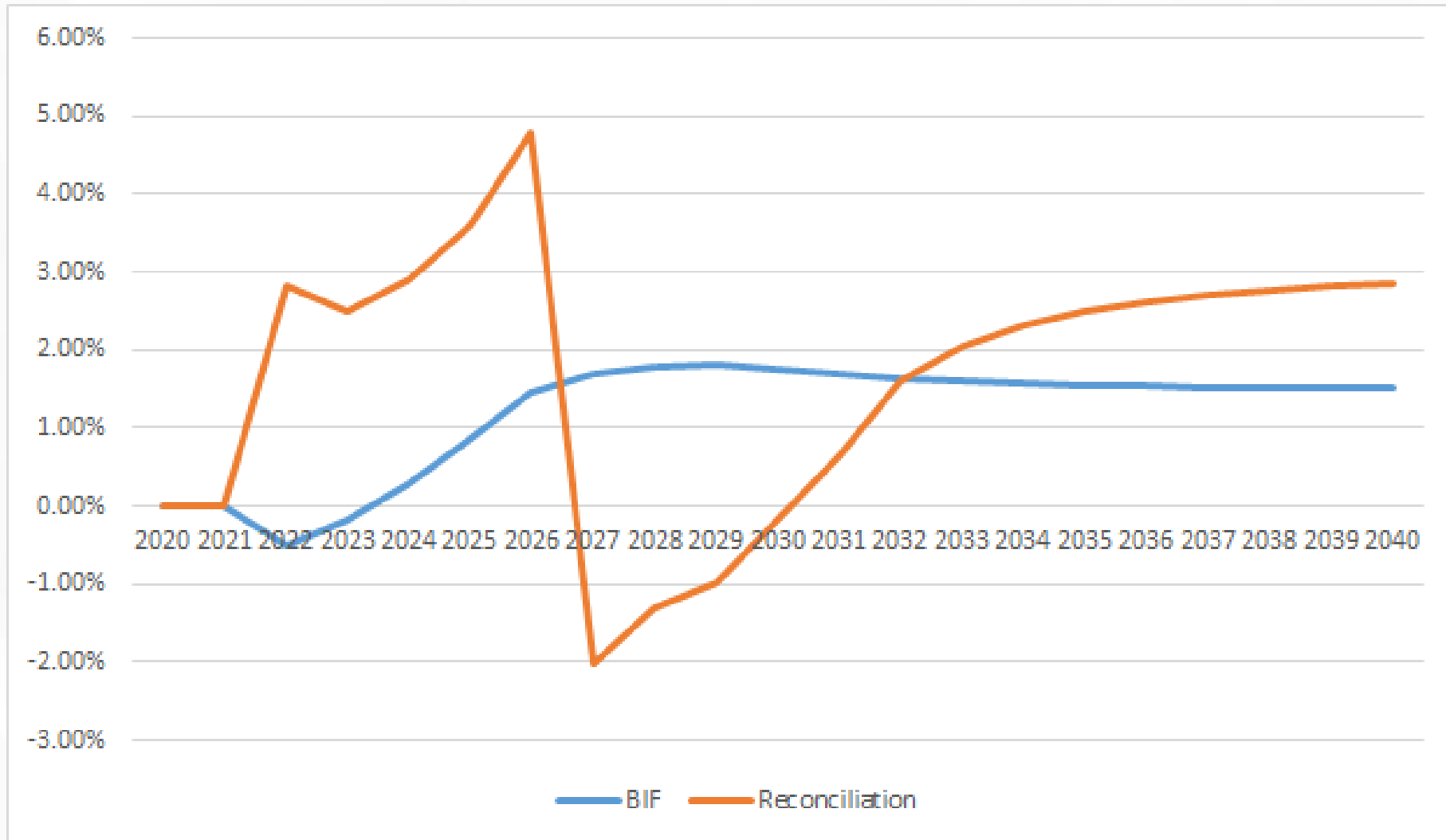
Price Levels
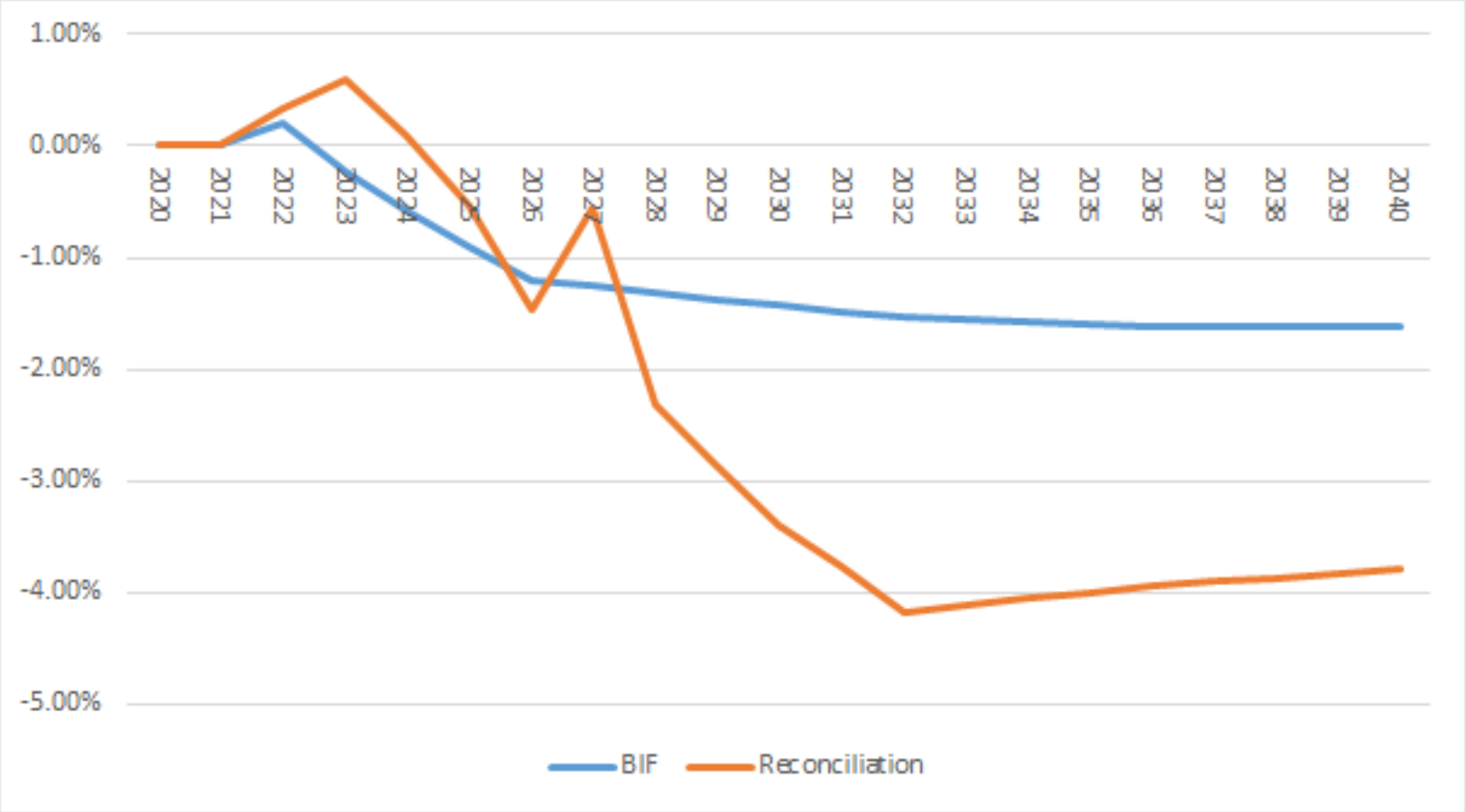
Average Percent Change in Output by Industry: 2022-2040
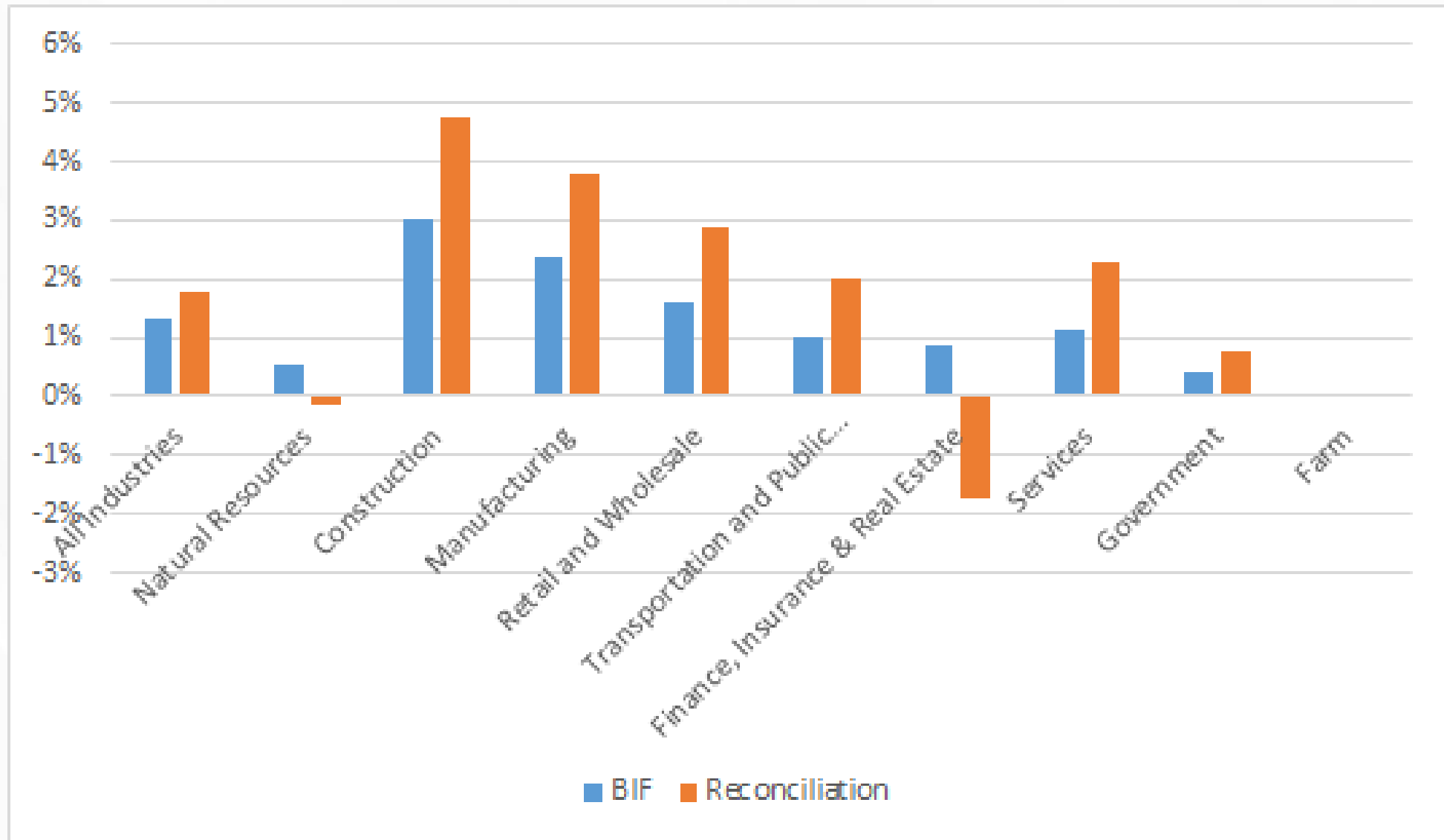
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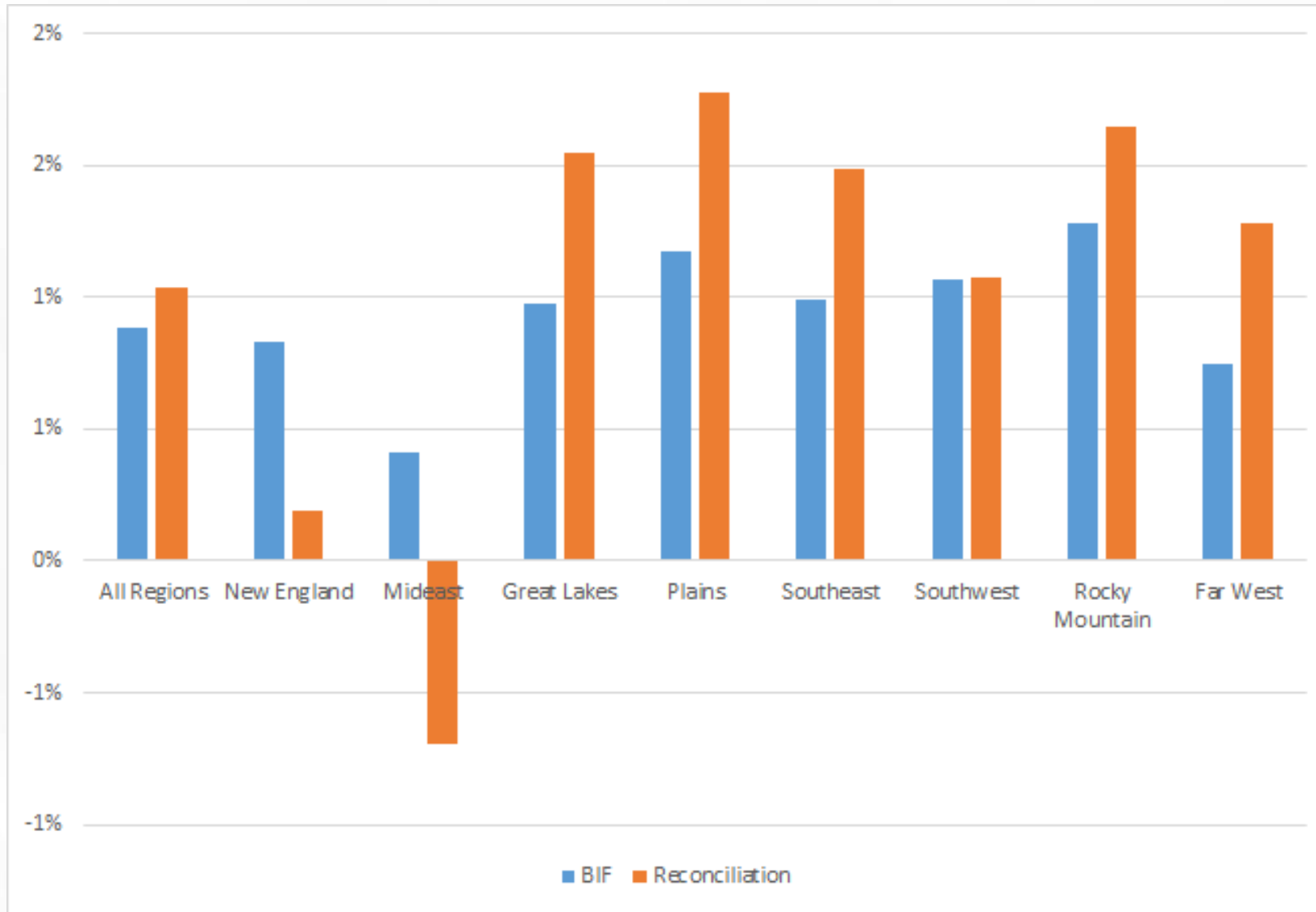
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Conclusion and Key Points

GDP

- Reconciliation causes some volatility with large spending, and large taxes

- Long Run GDP growth is higher in reconciliation plan

Inflation

- Modest short run increase

- Long term reductions in both scenarios

Employment

- Healthy gains in both scenarios
- Job loss in finance industries – tied to wealth tax
- Job increases in reconciliation above BIF not proportional to spending

Output

- Large gains in Construction, Manufacturing, Retail and Wholesale trade
- Losses in financial services, natural resources

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Economic Modeling: Why does it matter?

Clarify

- Understand economic, fiscal and demographic implications of policies before implementation
- Ensure that public policy serves the broad-based interests of the public

Predict

- Make predictions about the effects of policies before implementation
- Avoid unwanted negative impacts
- Make effective use of resources

Inform

- Inform policy with standard metrics rather than ideology or intention
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly

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Thank you for attending!

For more information, please contact
info@remi.com

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Appropriations Breakdown – Motor Transit and EVs

Funding Item	Funding Level (billions USD)
Roads, bridges, other major projects	$109
Safety	11
Public Transit	49
Infrastructure Financing	20
Electric buses, other transit	7.5
EVs and assoc. Infrastructure	7.5
Reconnecting Communities	1

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Appropriations Breakdown – Other Transportation

Funding Item	Funding Level (billions USD)
Passenger and Freight Rail	$66
Airports	25
Ports and Waterways	16

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Appropriations Breakdown – Electrical and Broadband

Funding Item	Funding Level (billions USD)
Electrical Infrastructure/Grid	$73
Broadband	65

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Appropriations Breakdown – Water, Environment, etc.

Funding Item	Funding Level (billions USD)
Water Infrastructure	$55
Resilience (structures, infrastructure)	47
Remediation	21
Western Water Storage	5

Reconciliation Plan Appropriations Breakdown

Line Items are values above BIF Plan

American Jobs Plan

1. Transit
2. Water, Electricity, Broadband
3. Homes and Buildings
4. Caregiving
5. Innovation and R&D
6. Workforce Development

American Families Plan

1. Education
2. Families and Children
3. Tax Credits/Deductions

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Appropriations Breakdown American Jobs Plan– Transit

Funding Item	Funding Level (billions USD)
Roads, Bridges	$6
Public Transit	$36
Passenger and freight rail	$14
Safety	$9
EVs	$166.5
Airports, Ports	$1
Reconnecting Neighborhoods	$19
Large Projects	$25
Other	$10

Appropriations Breakdown American Jobs Plan– Water, Electricity, Broadband, Homes and Buildings

Funding Item	Funding Level (billions USD)
Drinking Water	$51
Broadband	$35
Electric Power	$27
Retrofitting	$166
Education and Childcare	$137
VA Hospitals	$18
Fed Buildings	$10

Appropriations Breakdown American Jobs Plan–Caregiving, Innvoation and R&D

Funding Item	Funding Level (billions USD)
Expanding Medicaid Home and Community Care	$400
Commerce Supply Chain	$50
Semiconductors	$50
Medical Countermeasures	$30
Clean Energy	$46
Regional Innovation Hubs	$20
NIST	$14

Appropriations Breakdown American Jobs Plan– Caregiving, Innvoation and R&D

Funding Item	Funding Level (billions USD)
Manufacturing Extension Partnerships	$2
Capital Access	$52
Small Business Incubators	$31
Rural Partnerships	$5

Appropriations Breakdown American Jobs Plan– Workforce Development

Funding Item	Funding Level (billions USD)
Dislocated Workers Program	$40
Underserved Communities	12
Apprenticeships	$50
Semiconductors and STEM Education	$48

Appropriations Breakdown American Families Plan - Education

Funding Item	Funding Level (billions USD)
Free Pre-K	$200
Free Community College	$109
Increase Pell Grants	$80
Increased Retention at Community Colleges	$62
Subsidized Tuition for Low Income Families	$39
Training for Teachers	$9
Expanded Aid for HBCUs	$5
Healthcare Workers Training Pipeline	$2

Appropriations Breakdown American Families Plan – Families and Children

Funding Item	Funding Level (billions USD)
Affordable Childcare and Training	$225
National Paid Family Medical Leave	$225
Expanded Summer EBT	$25
Free Meals for Poor Children	$17
Healthy Foods Incentives	$1

Appropriations Breakdown American Families Plan – Tax Credits/Deductions

Funding Item	Funding Level (billions USD)
Extend Emergency Child Tax Credit Measures	$450
Extend ACA Premium Tax Credit	$200
Make Childless Worker EITC Permanent	$125
Make Child Dependent Care Tax Credit Permanent	$80