Analyzing the Social and Economic Impact of Broadband Investment

Regional Economic Models, Inc.

what does REMI say?℠

Agenda

- Introduction
- Background
- Methodology
- Notable Results
- Conclusion
- Q&A

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.

Our Representative Clients

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

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Department of Commerce

European Commission

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EY

ITEP
INSTITUTE ON TAXATION AND ECONOMIC POLICY

nea
NATIONAL EDUCATION ASSOCIATION

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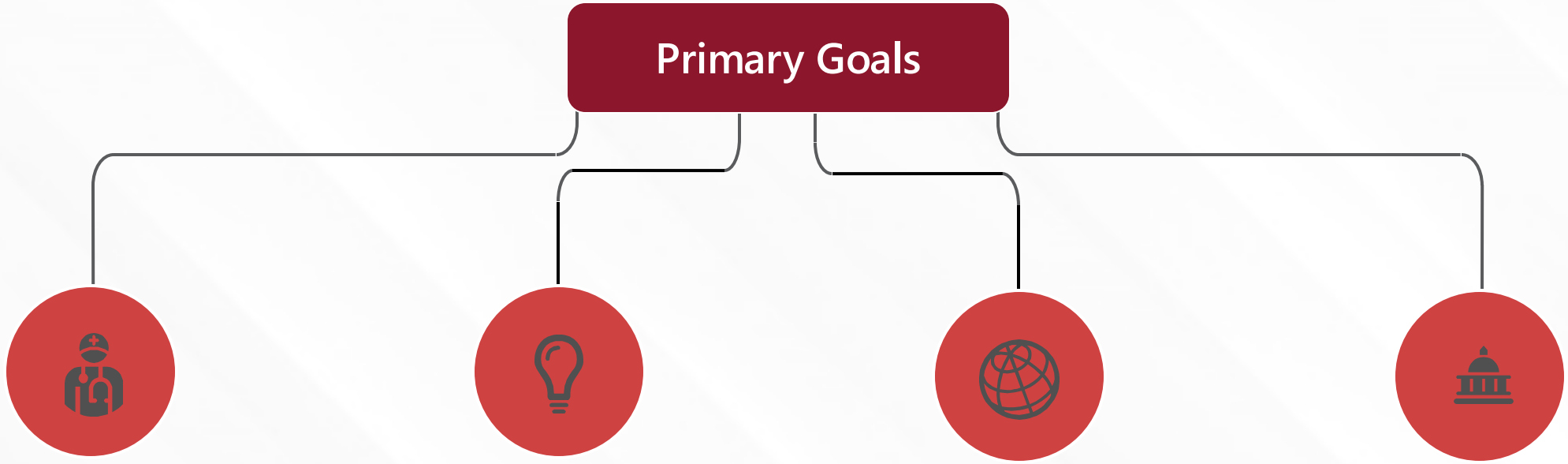
Objectives of the Infrastructure Deal



Workforce Development

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

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Rebuild Competitive Edge

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

Benefits of Universal Broadband Access

Economic Competitiveness

Internet access enables gains in labor and commodity access and its impact on the economy

Linking Economics and Social Impacts with Policy

Enhanced connectivity will mitigate costs associated with congestion.

Socioeconomic Impact

Impacts to socioeconomic classes (income, race, gender, etc.) to understand equity

Objectives of Broadband Investment Deployment

Funding Appropriations

- $65 Billion for Universal Broadband Access
  - $42.5 Billion for direct spending for state funding to improve infrastructure
  - $14.2 Billion for internet subsidies
  - $2.75 Billion for Digital Equity Strategy

Policy Adjustments

- Addresses issues related to transparency, affordability, and accessibility
  - Increased access to low-cost internet plans
  - Transparent pricing and details relating to connectivity
  - Equal access to internet for historically underserved communities

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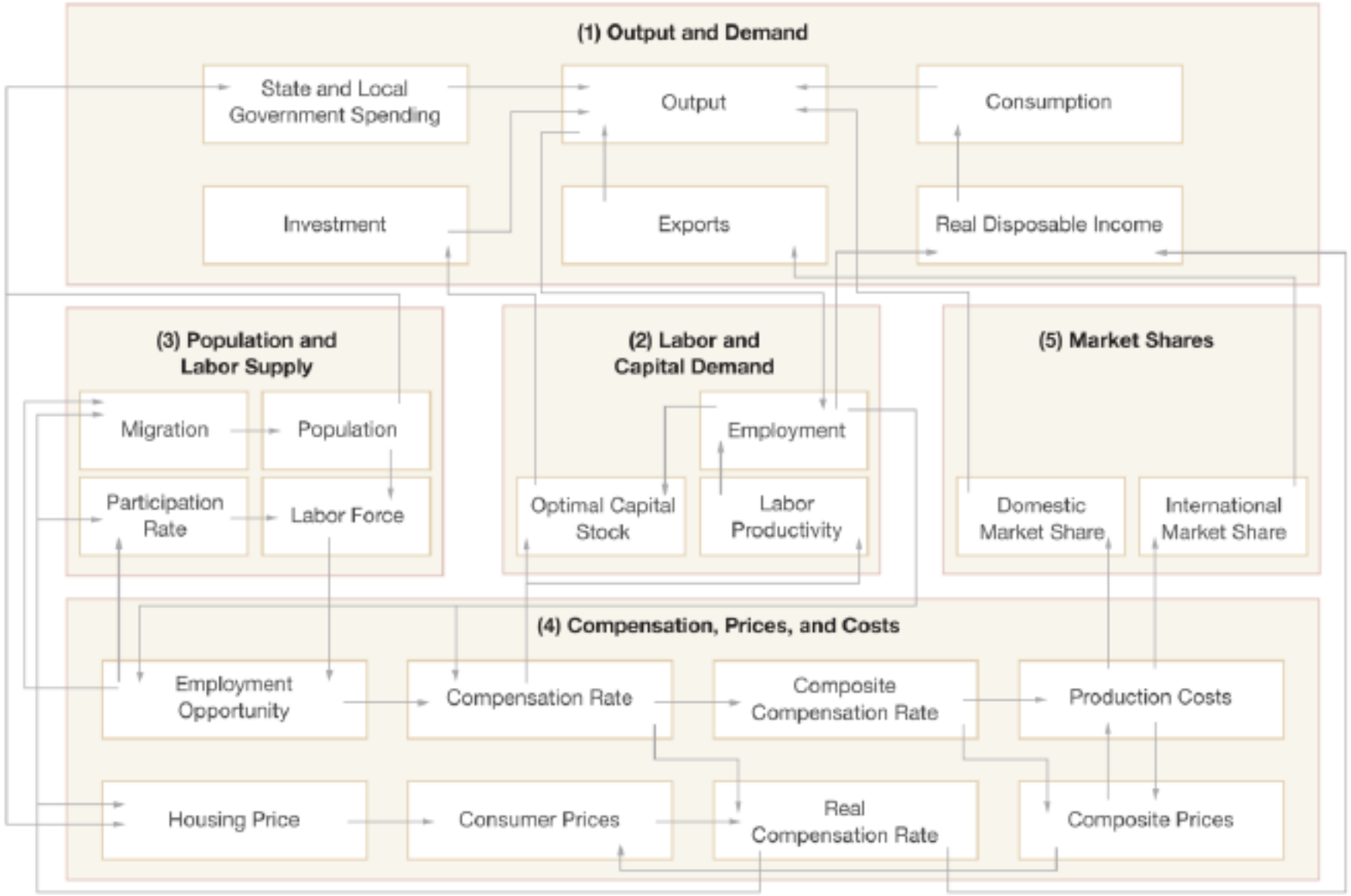
Why Economic Modeling?

- Economic modeling can clarify, calculate, and communicate a ***quantitative narrative*** to policy makers and the general public about policies for your economy.
- Economic policy modeling can help agencies forecast the effects of policies before they are implemented
- Guide Policy-making Process
  - *Formalize your decision-making process*
  - *Get policy right*
  - *Pass/Block legislation*
  - *Modernize and advance your agency*
- Bidders for grants, contracts from the Infrastructure Bill will want to demonstrate that their proposals will have a positive economic and equity impact in host communities and remain competitive
- Policy organizations and regional planners can use models to add quantitative rigor to their proposals, making the benefits clearer to stakeholders and decision-makers

REMI Model Linkages



Broadband Simulation Overview

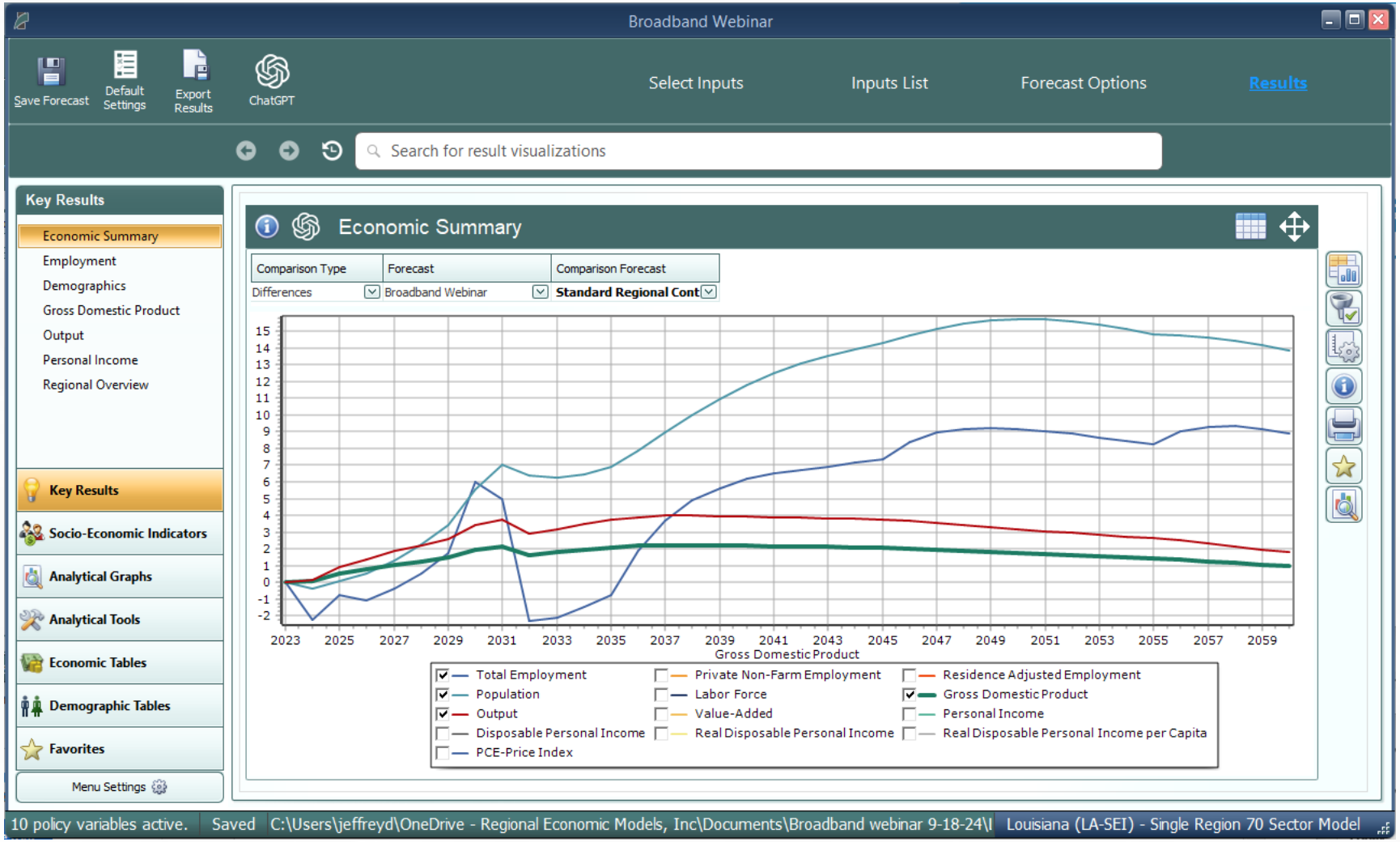
- Consists of a hypothetical scenario where broadband is expanded in the state of Louisiana and the economic impacts are evaluated
- Inputs to the simulation involve the following components:
  - Construction of the broadband infrastructure, including spending on the telecommunications and professional services industries
  - Annual repair and maintenance expenditures
  - Labor access increases as a result of the broadband expansion
  - Commodity access index

Model Simulation Overview: Broadband Internet Access in Louisiana

Policy Variable Inputs

Active	Edit	Group
☑		New Industries - Construction
☑		New Industries - Telecommunications
☑		New Industries - Professional, scientific, and technical services
☑		New Industries - Repair and maintenance
☑		New Labor Access Index (Fixed broadband service (residential) 1
☑		New Labor Access Index Fixed broadband service (residential) 2
☑		New Labor Access Index Fixed broadband service (business)
☑		New Labor Access Index Fixed broadband service (employees)
☑		New Consumer Commodities - Internet access

Results Overview – Economic Impact



- GDP, output, and population show large positive impacts
- Employment, however, is initially negative as a result from the increased labor productivity from access to broadband
- The long-term employment impacts are all positive (2036 onward), as the economy benefits from a more productive labor force

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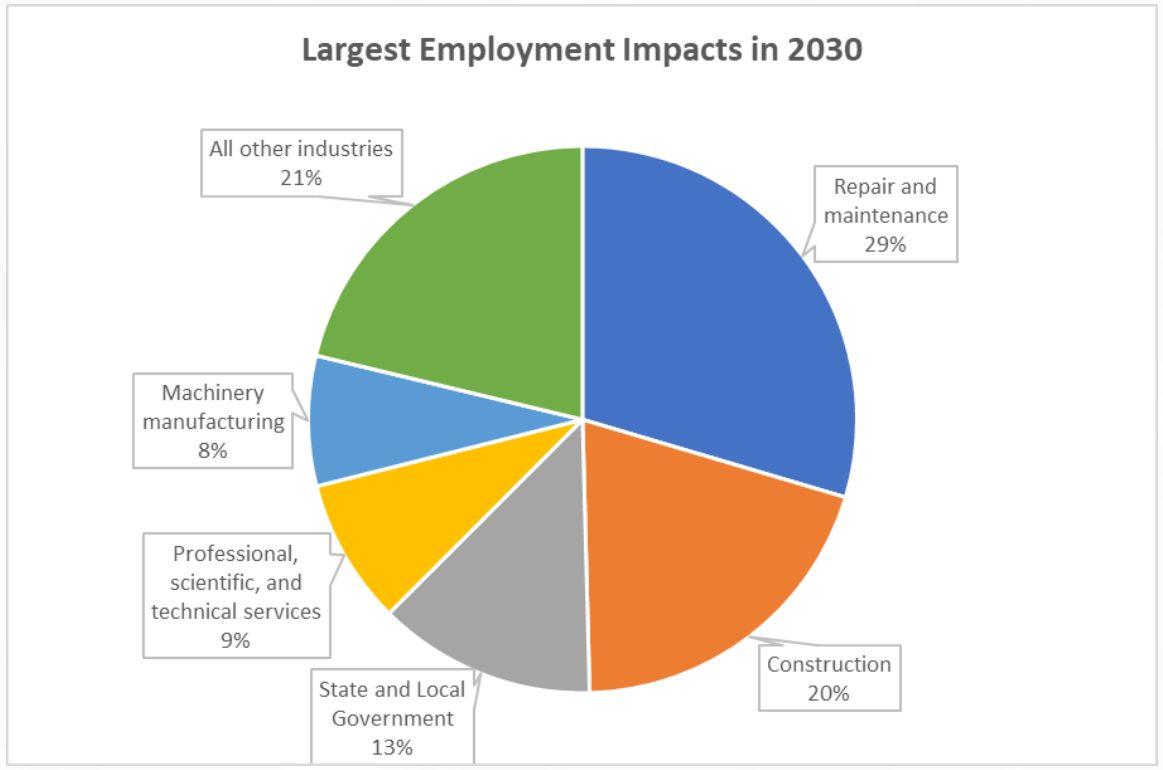
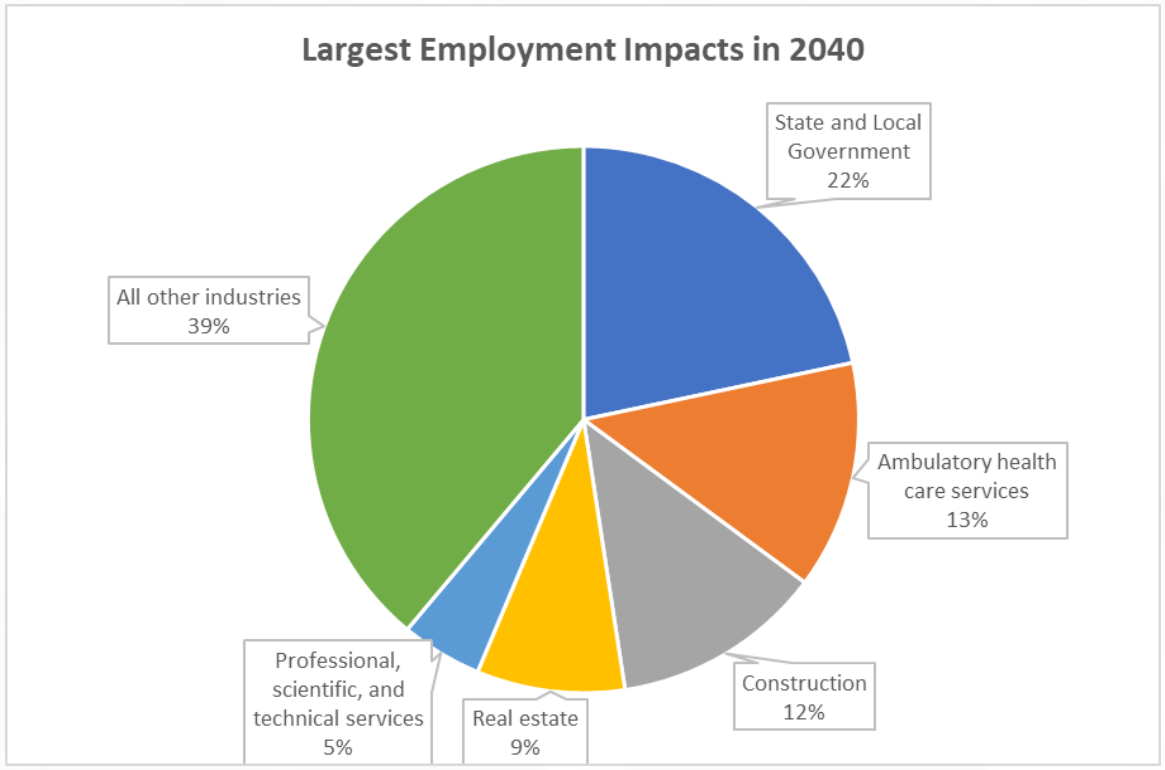
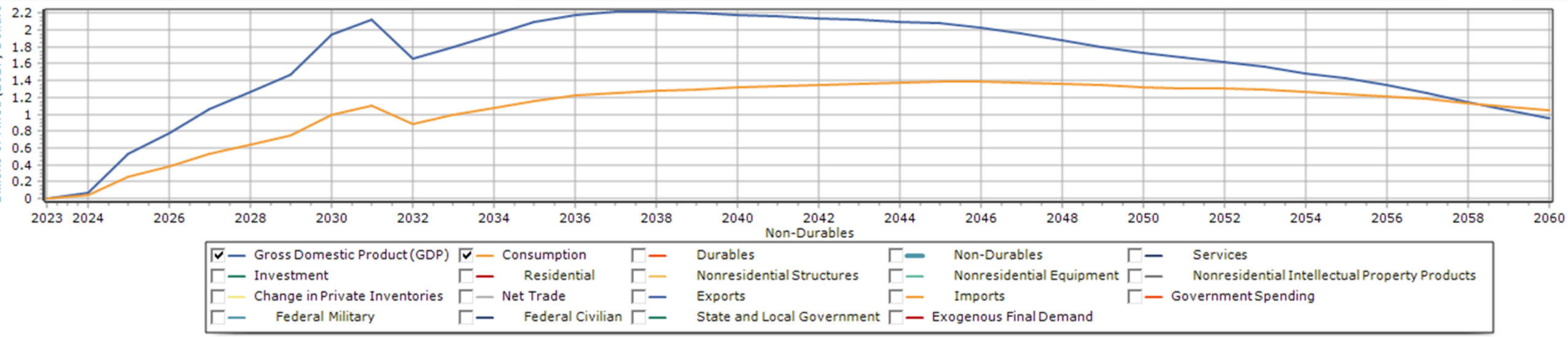
Results Overview – Employment Impact

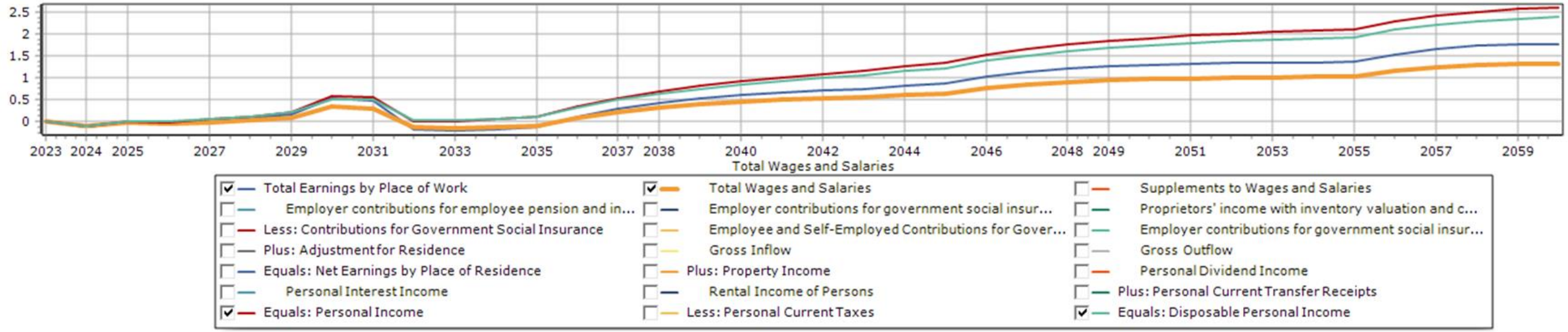




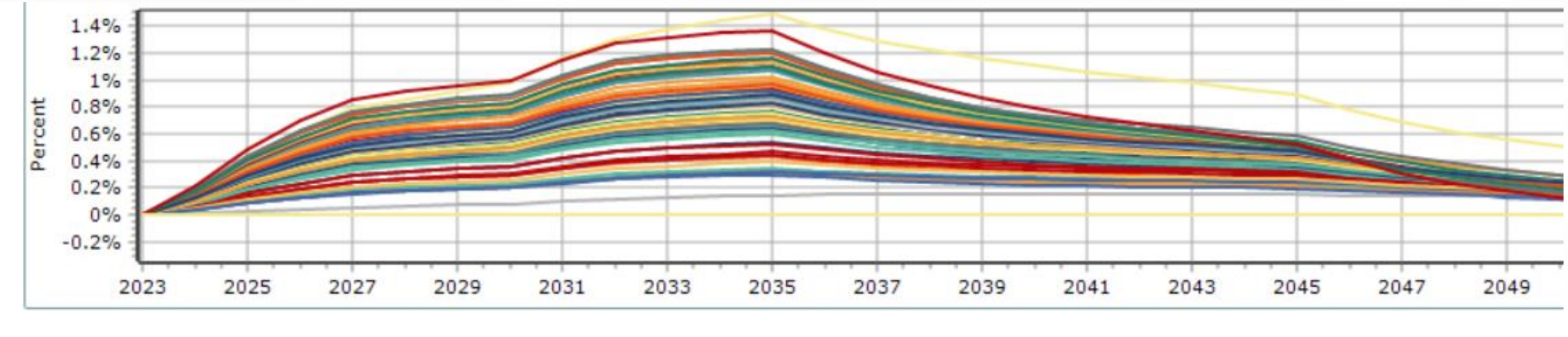
GDP and Consumption



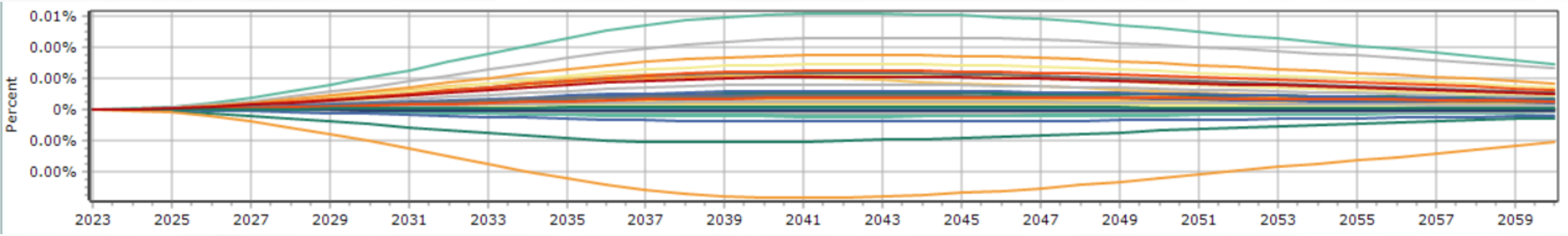
Earnings, Wages and Salaries, and Personal Income



Labor Productivity by Industry



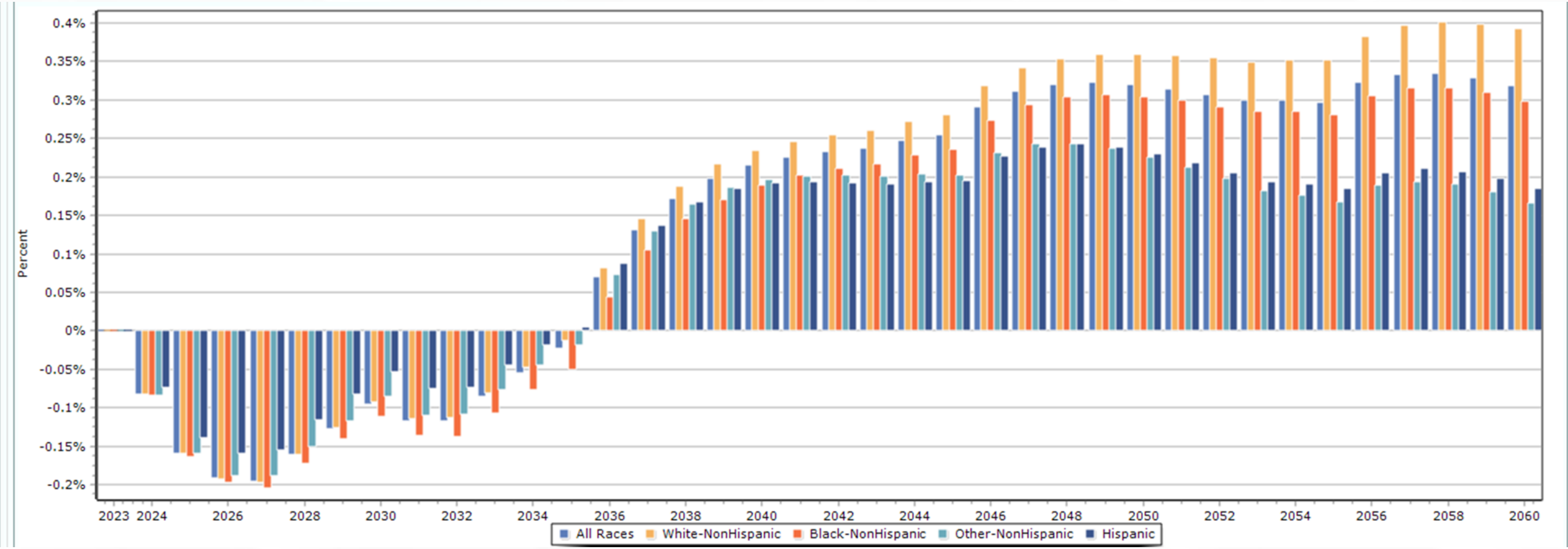
Commodity Access Index



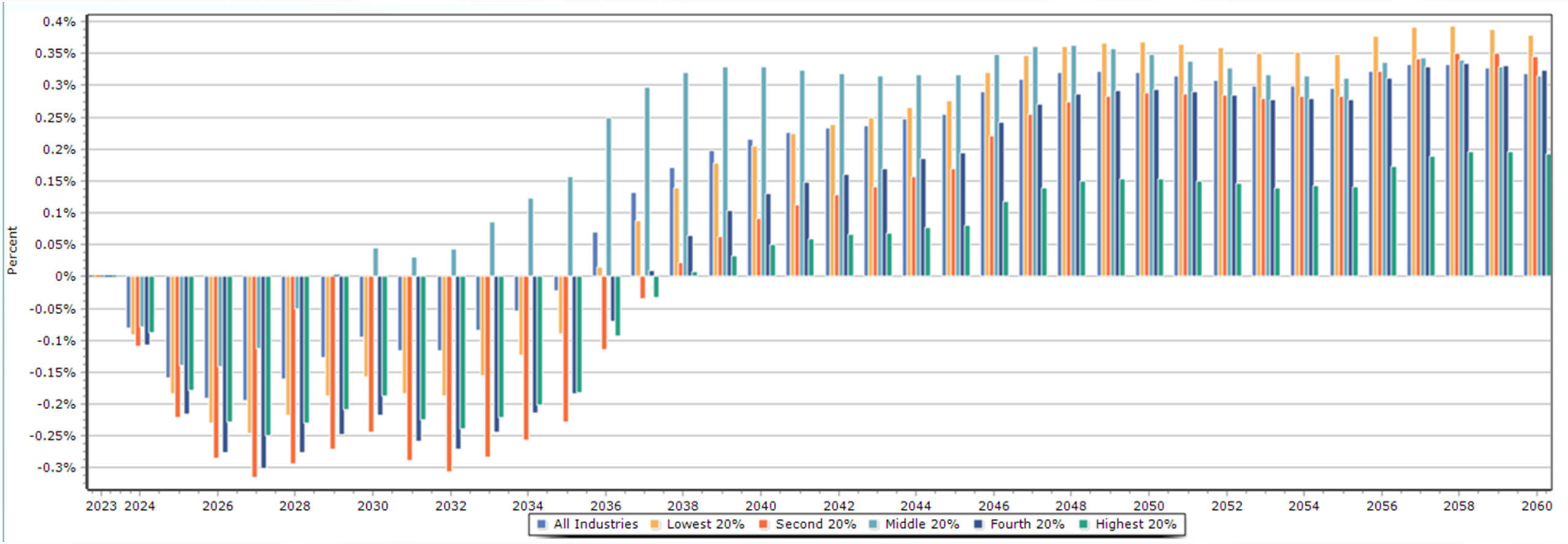
REMI Socioeconomic Indicators

- Compensation Distribution
- Employment Changes by Earnings Quintile
- Consumption Price by Earnings Quintile and Range
- Inequality Coefficient
- Employment by Race & Gender
- Employment by Educational Attainment
- Labor Force Participation by Race & Gender
- Unemployment
- Per Capita Income

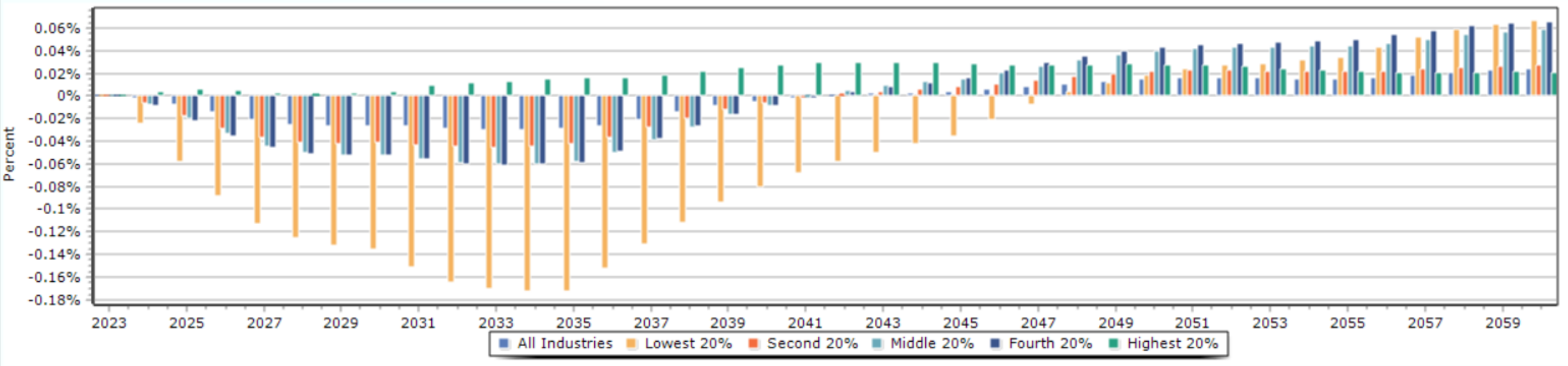
Socioeconomic Impact - Employment by Race



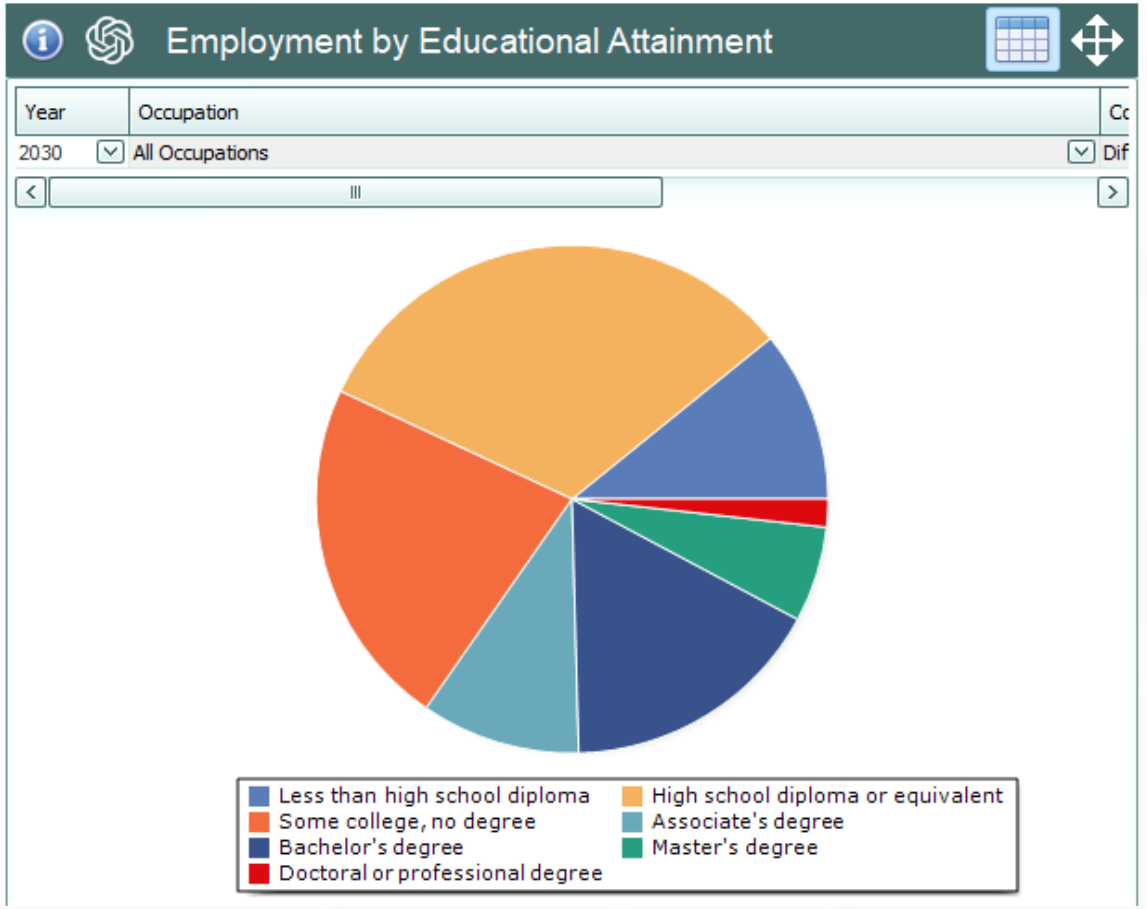
Socioeconomic Impact - Employment by Income Quintile



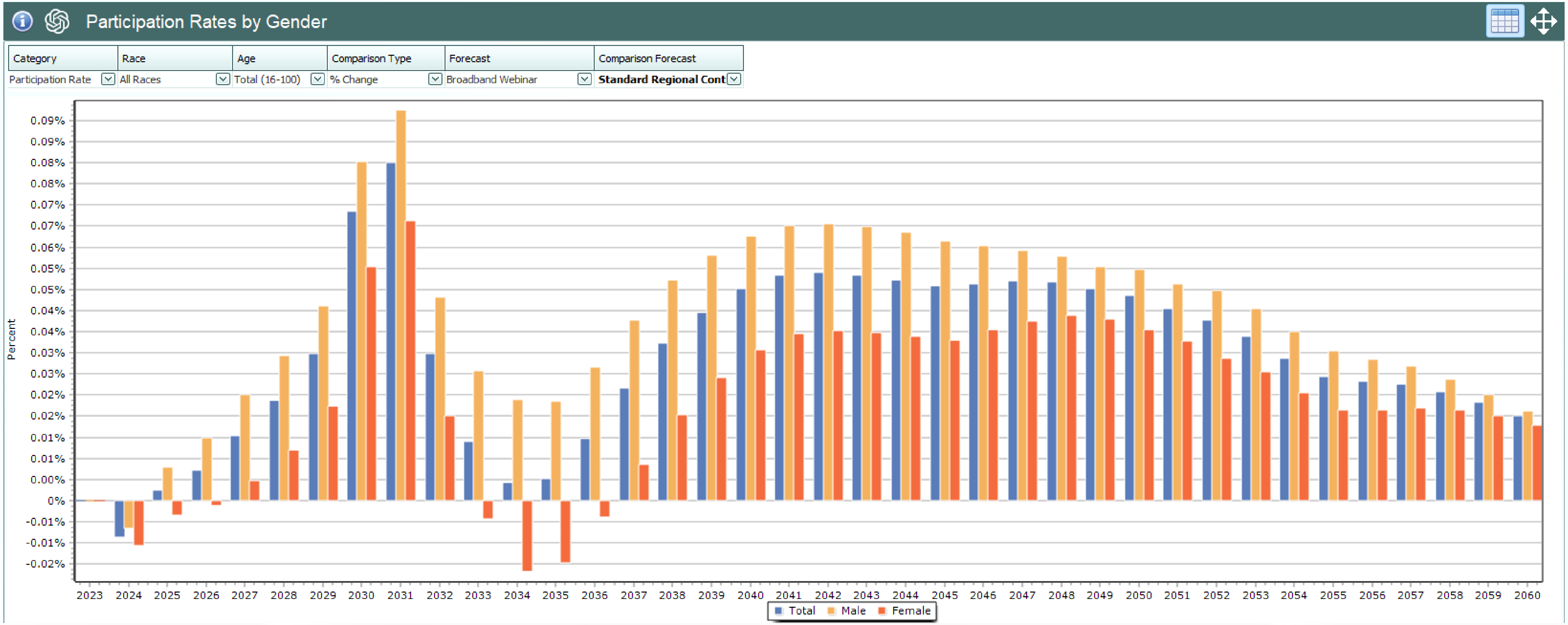
Socioeconomic Impact - Compensation Rate by Income Quintile



Socioeconomic Impact – Educational Attainment (2030)



Socioeconomic Impact – Participation Rate by Gender



*what does **REMI** say?* [sm]

Economic Impacts Summary

Employment: +8,898 jobs	Labor force: +7,262	Population: +13,830
Personal income: +260 billion	GDP: +$196.2 billion	Output: +$376.2 billion

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Conclusion

- The expansion of broadband led to a net benefit in jobs, GDP, output, personal income, and other indicators
- Increased productivity will cause a short-term drop in employment
- A strong GDP may not be reflected in employment and SEI components
- Although GDP is positive in all years, employment takes additional time to grow because of increases in labor productivity
- An increase in labor force without a substantial increase in jobs may lead to lower compensation rates

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Thank you for attending!

For more information, please contact
info@remi.com