

2017/2018 ECONOMIC IMPACT ANALYSIS

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Financial Officer

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2018 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Since 2017, the High-Speed Rail Authority (Authority) has produced three Economic Impact Analysis reports that estimate the economic impacts of planning and constructing a high-speed rail system.

- **2017/2018 Economic Impact Report**
- 2016/2017 Economic Impact Report
- 2006/2016 Economic Impact Report



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Economic Indicators:

- **Job-Years** - Job-Years are the equivalent number of one-year-long, full-time jobs supported by the project.
For example:
 - 1 Employee working for 5 years = 5 Job-Years
 - 5 Employees working for 1 year = 5 Job-Years
 - 10 Half Time Employees working for 1 year = 5 Job-Years
- **Labor Income** - Labor income includes all forms of employment income, including compensation (wages, benefits, and payroll taxes) firms paid to employees, and income earned by self-employed workers or unincorporated sole proprietorships.
- **Economic Output** - Economic output is an estimate of the value of all economic activity taking place as a result of high-speed rail expenditure. A dollar invested in high-speed rail sparks several activities in addition to labor income, such as the purchases of goods and services and value created from these activities. For example, the materials purchased for the viaducts over the Fresno river constructed by Authority Contractors as well as the labor that went into constructing and placing the viaducts all contribute toward the Economic Output.

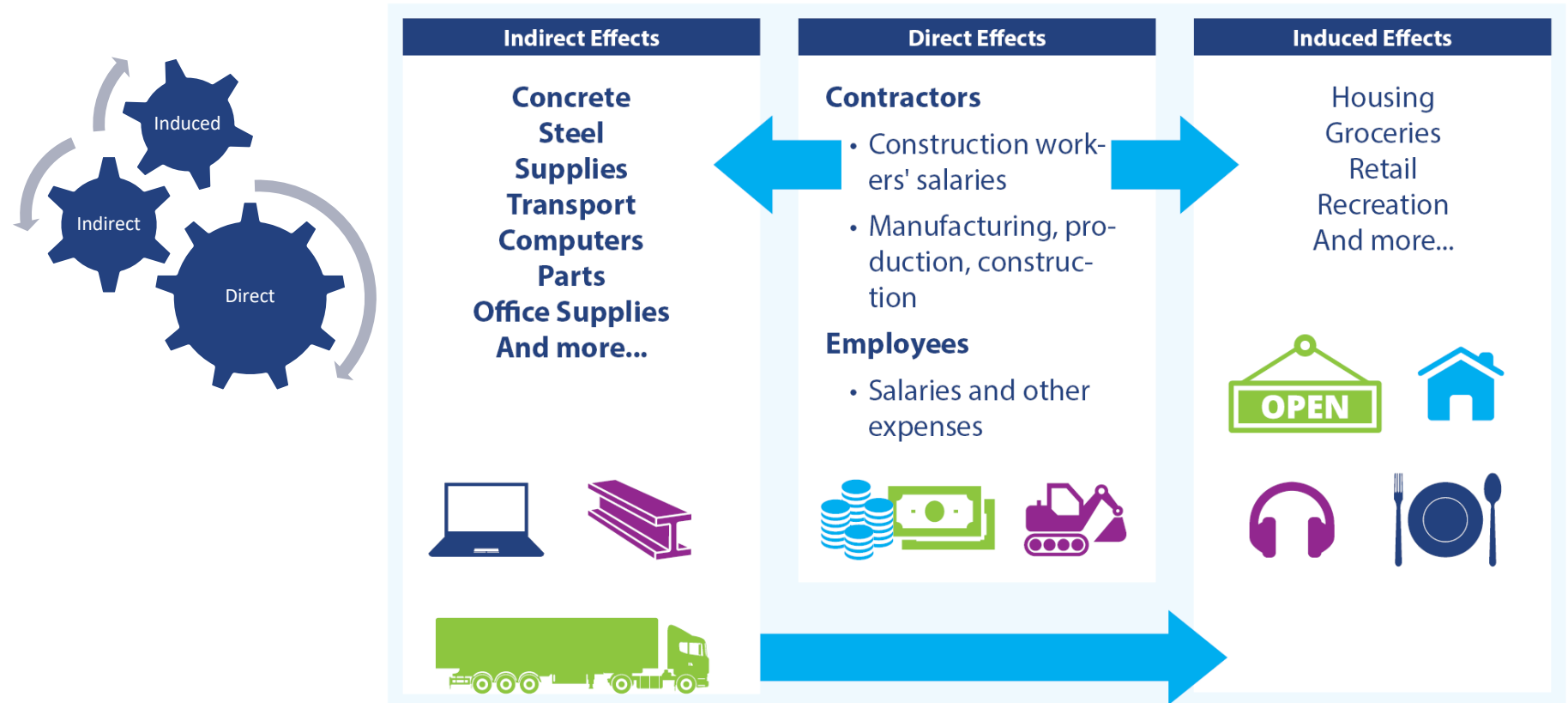


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Economic Impacts:

How the Indicators are determined is a combination of Indirect, Direct and Induced Effects



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California Statewide Economic Impacts
2006 2018



37,600 – 42,600

JOB-YEARS OF EMPLOYMENT

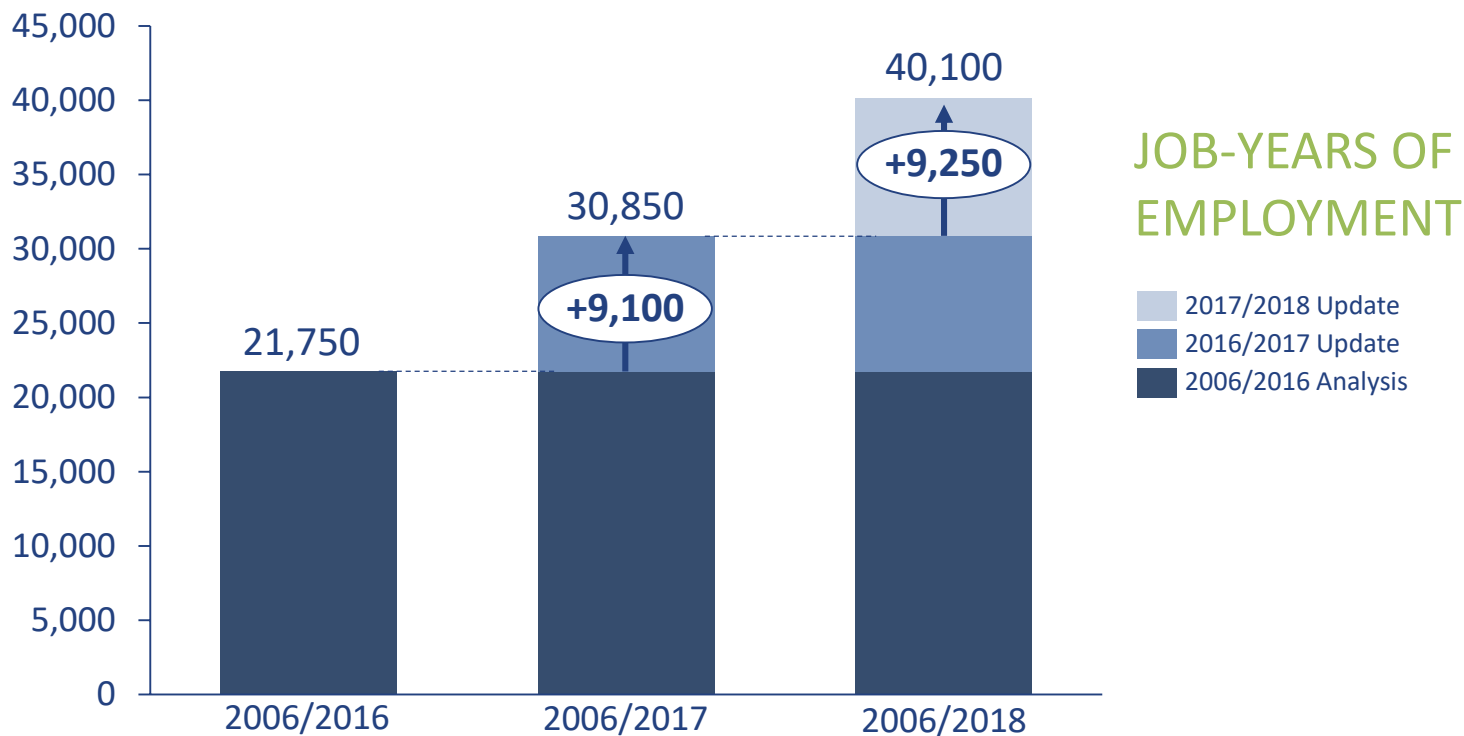
Job Years - Job-Years are the equivalent number of one-year-long, full-time jobs supported by the project.



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California Statewide Economic Impacts – *Mid Range* 2006 2018



California Unemployment Rate as of January 2019 is 4.2%¹

California Unemployment Rate in January 2012 was 11%²

1 - https://www.edd.ca.gov/About_EDD/pdf/urate201903.pdf

2 - <https://data.bls.gov/timeseries/LASST0600000000000003>

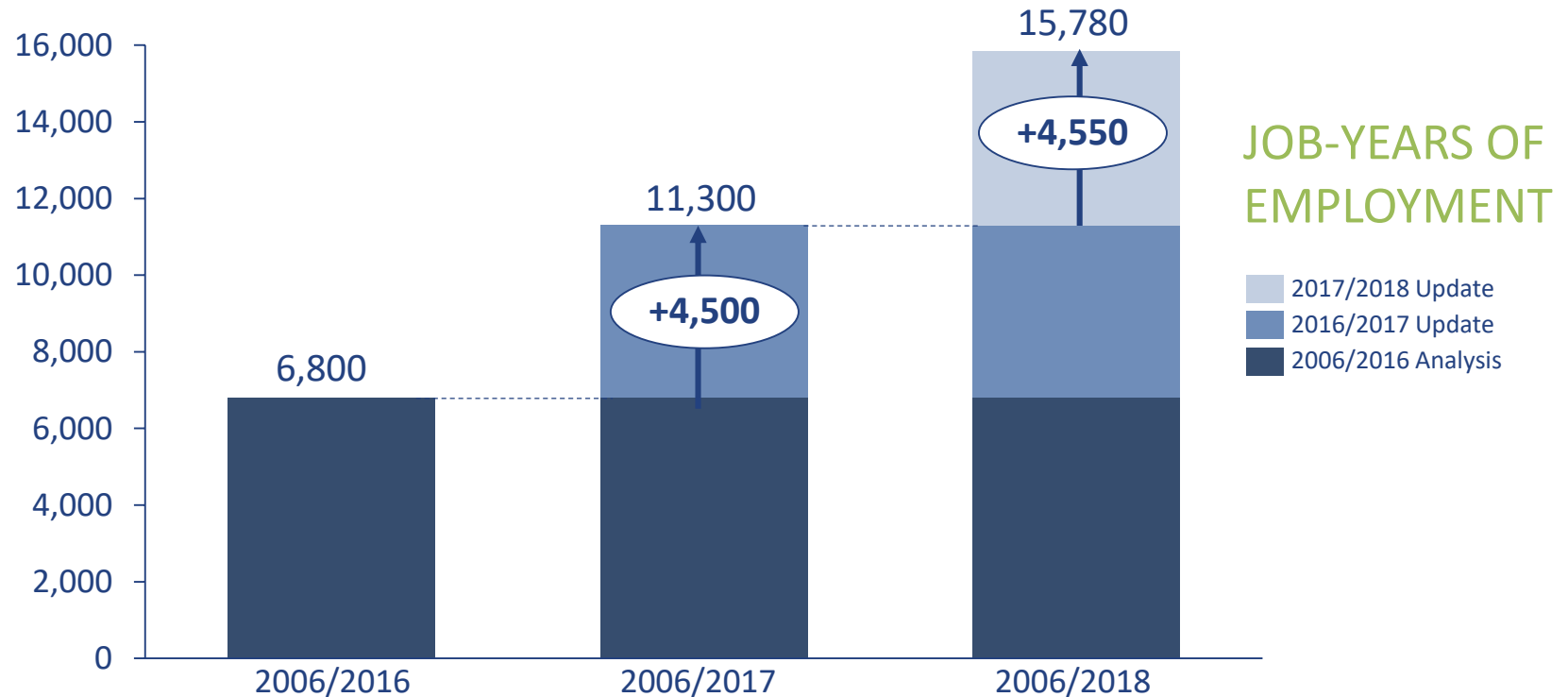
Totals may not sum because of rounding



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California Central Valley Economic Impacts 2006 2018



Fresno Unemployment Rate as of January 2019 is 8.9%³
Fresno Unemployment Rate in January 2012 was 16.9%⁴

3 - <https://www.labormarketinfo.edd.ca.gov/geography/msa/fresno.html>

4 - https://www.bls.gov/news.release/archives/metro_03232012.htm

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California Statewide Economic Impacts
2006 2018



\$2.60 - \$2.99
BILLION

LABOR INCOME

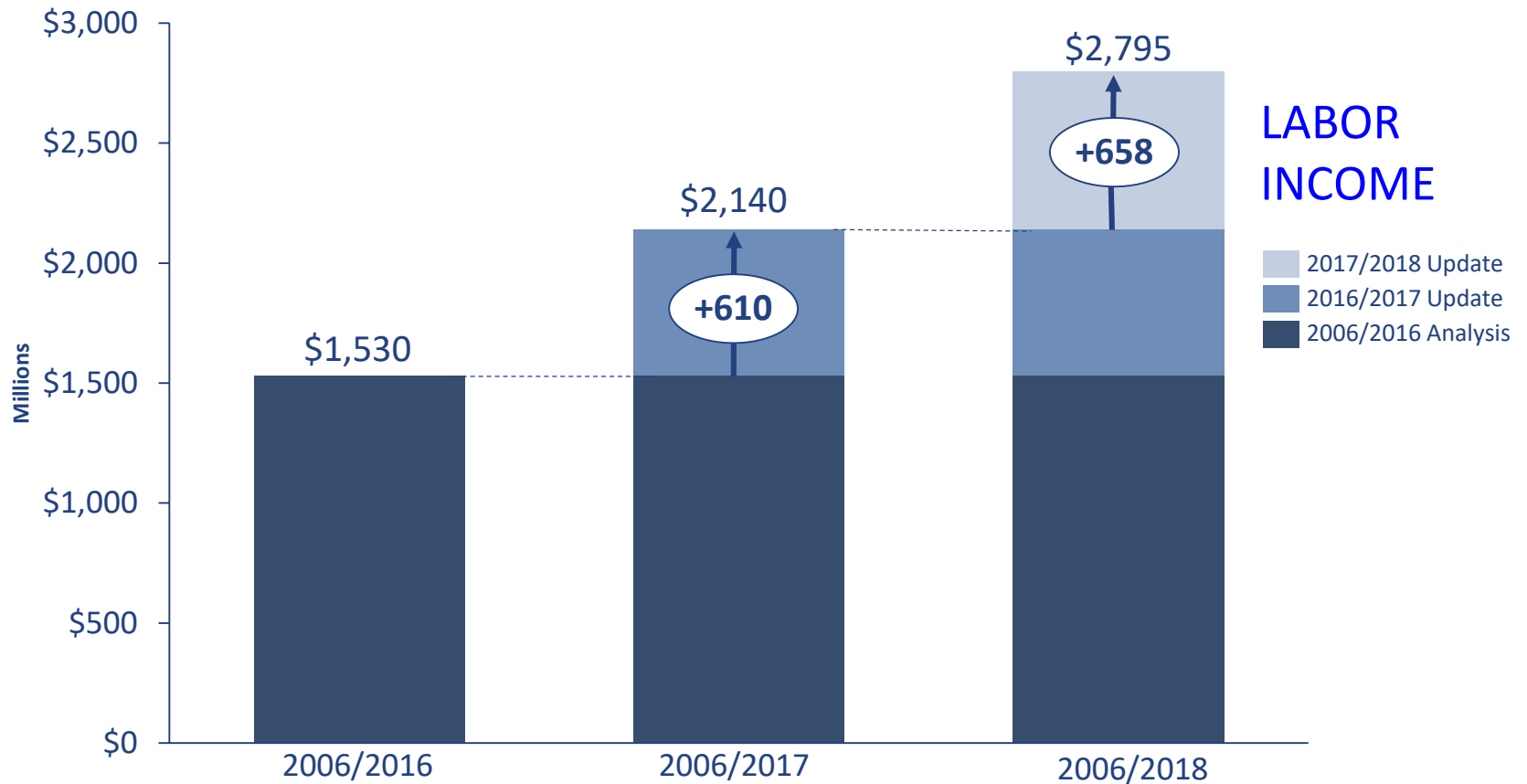
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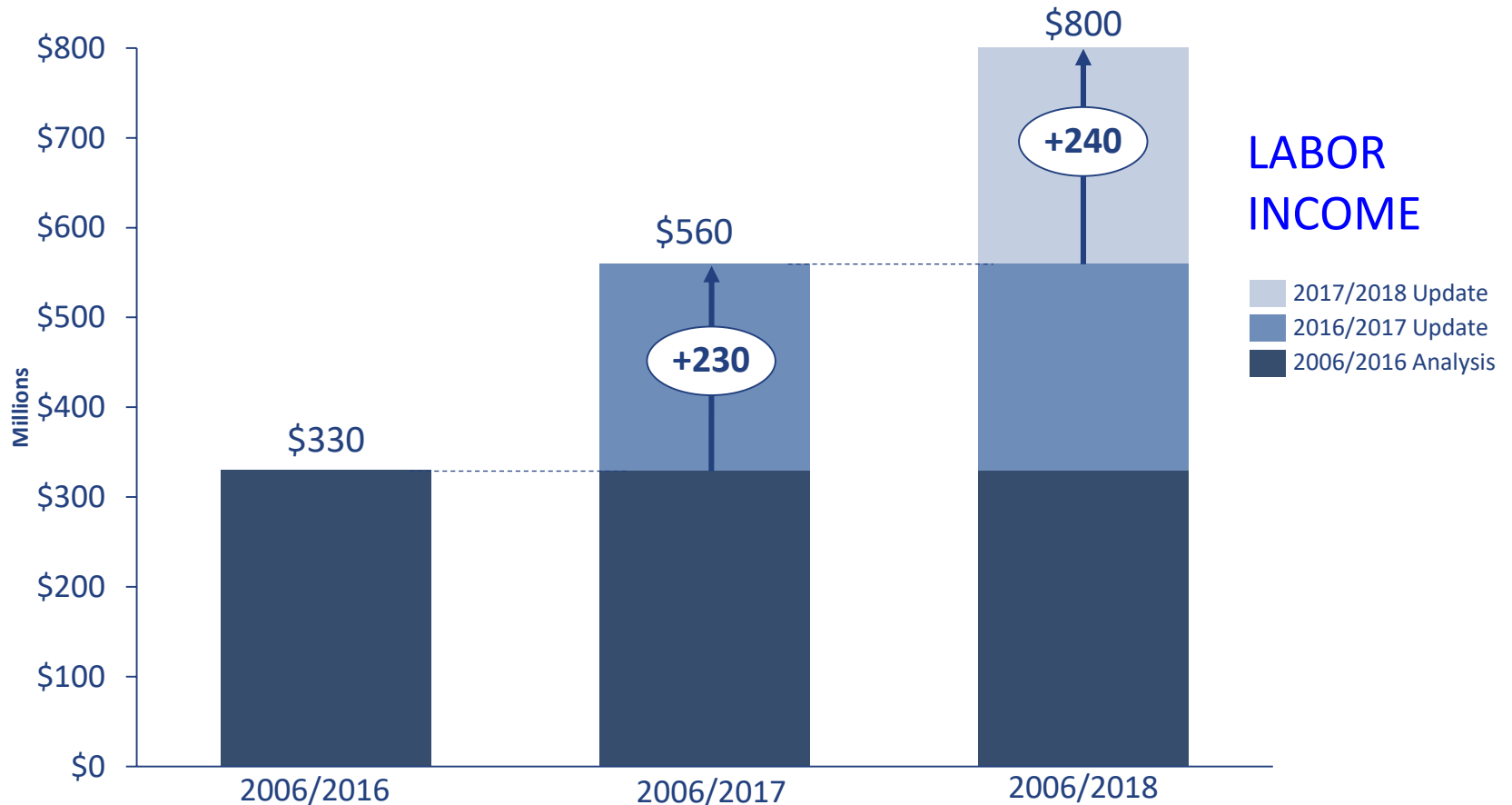
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California Statewide Economic Impacts 2006 2018



\$6.8 - \$7.6
Billion

ECONOMIC OUTPUT

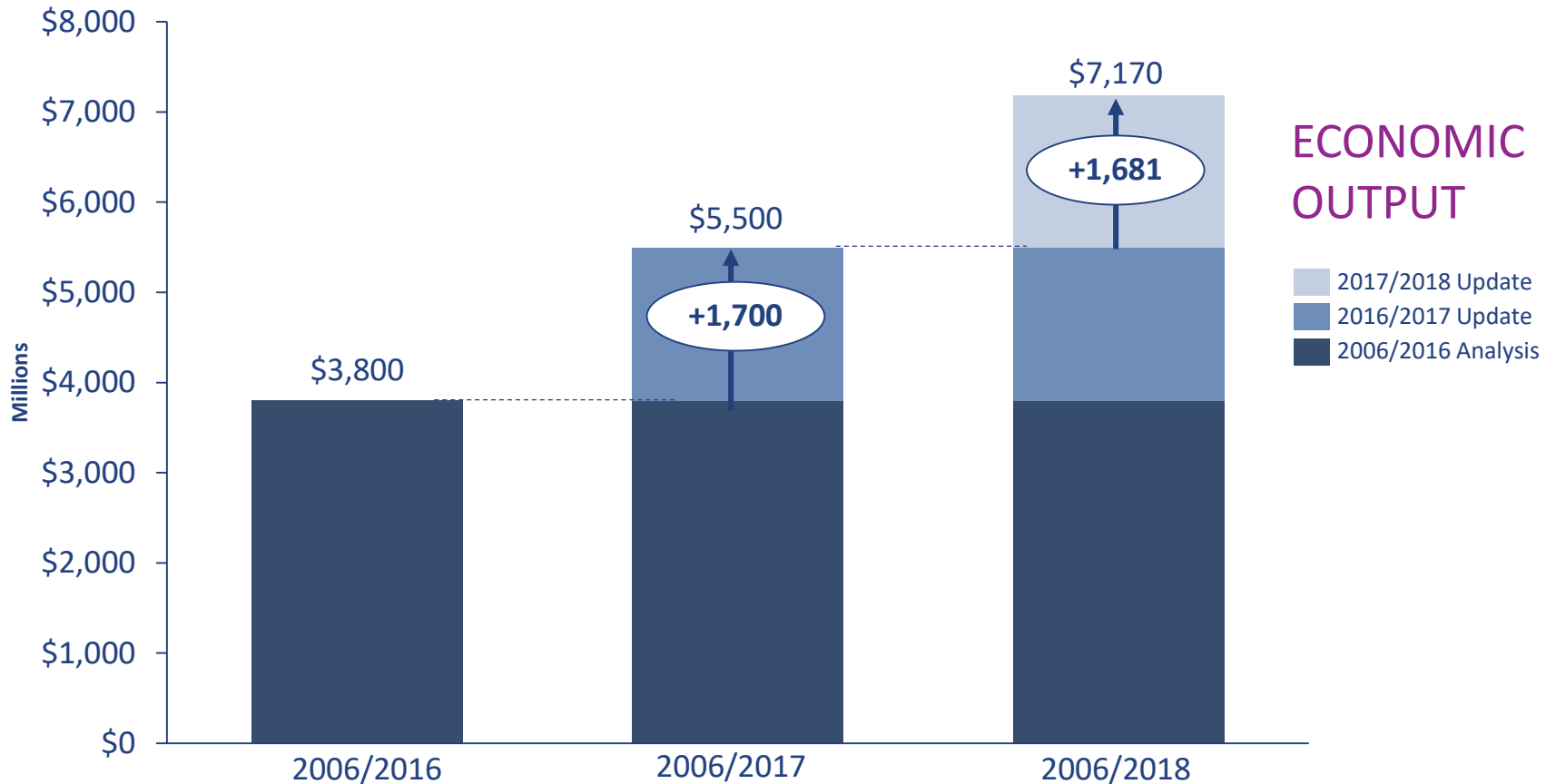
Economic output represents the total contribution the Program has made to the Gross Domestic Product (GDP) in California and the US or the economic "value-add".



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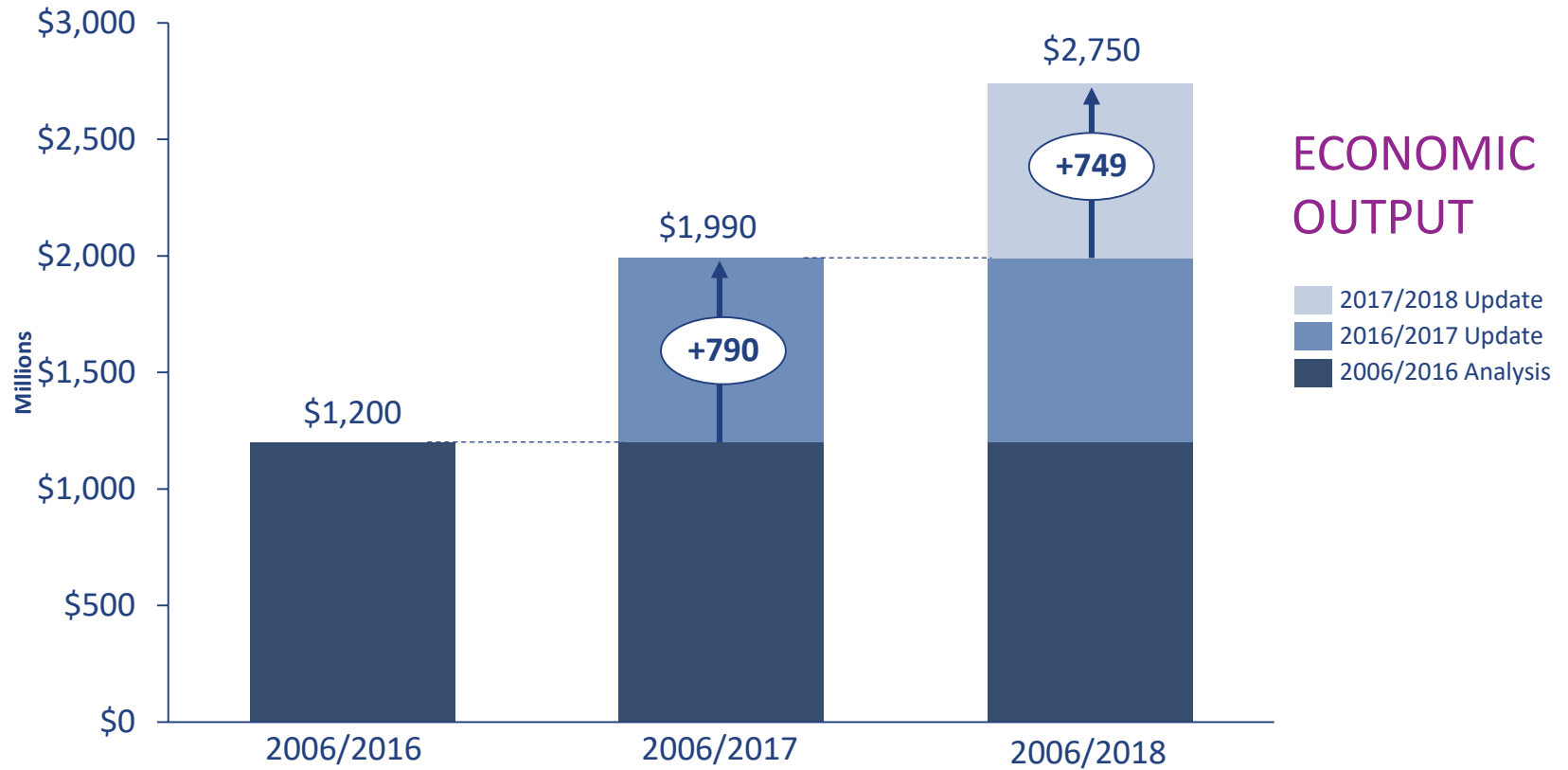
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California Central Valley Economic Impacts 2006 2018



Central Valley Economic Output represents approximately 38% of Statewide impact

Totals may not sum because of rounding



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Direct Investment

Total Authority Expenditures that drive the Economic Output



\$4.8 Billion from July 2006 through June 2017

95% Went to California Firms and Workers

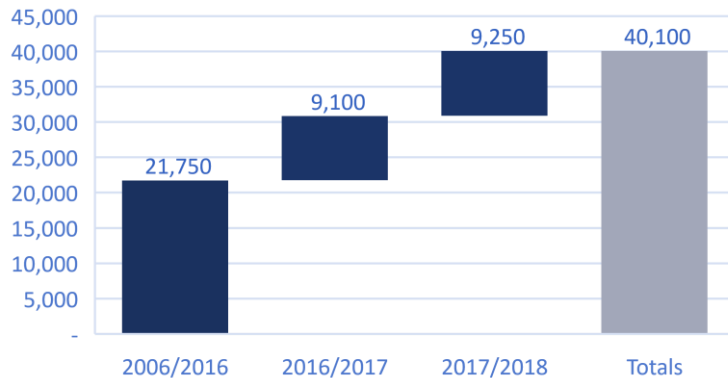


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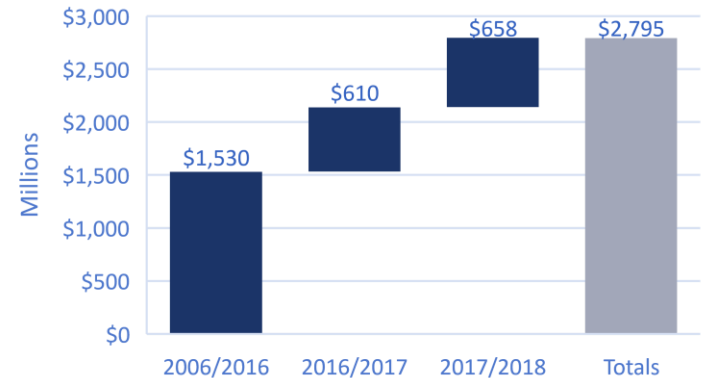
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California Statewide Economic Impact Trends – *Mid Range* 2006 2018

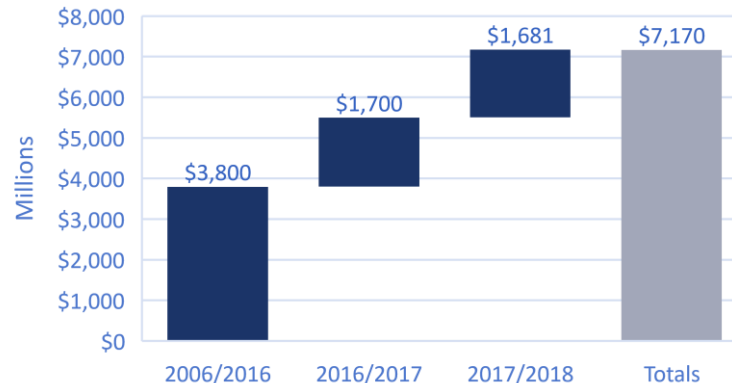
Job-Years



Labor Income



Economic Output



Totals may not sum because of rounding

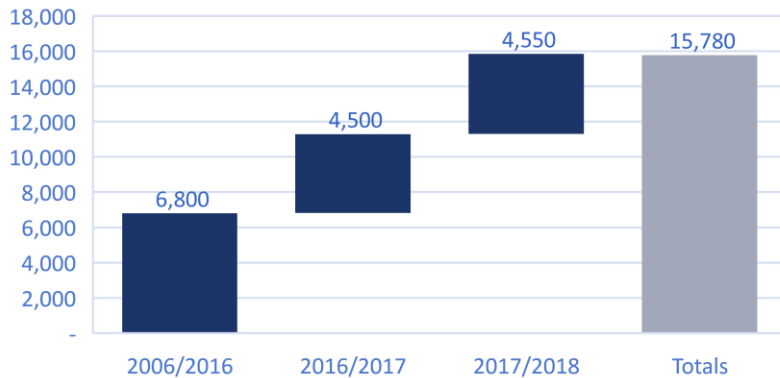


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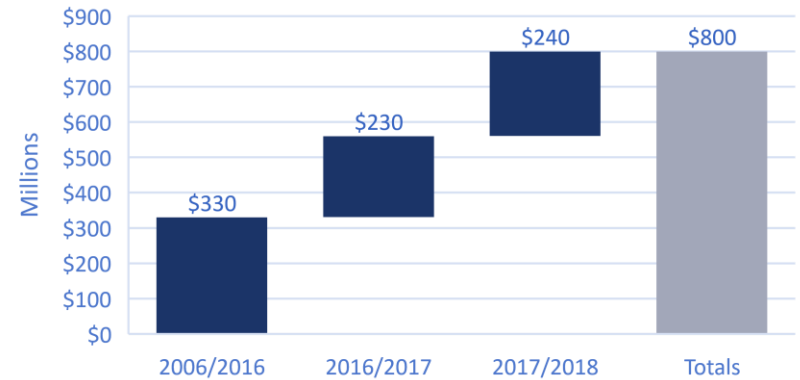
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California Central Valley Economic Impact Trends 2006 2018

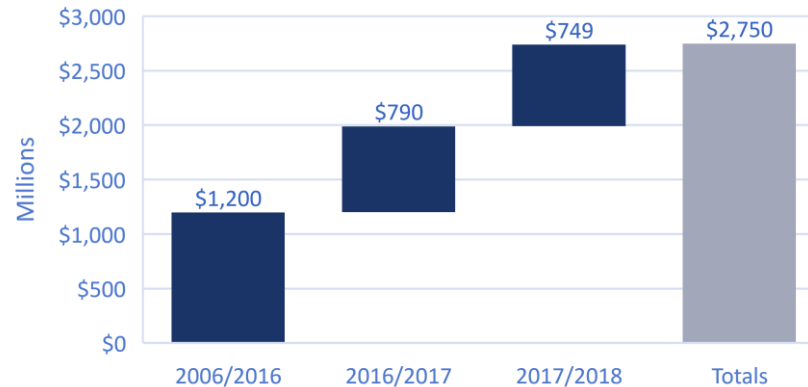
Job-Years



Labor Income



Economic Output



Totals may not sum because of rounding



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Direct Investments

2006 2018



54%

of project expenditures occurred in designated disadvantaged communities throughout California, spurring economic activity in these areas.



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Direct Investment in Small Businesses 2006 2018



488

**Small Businesses are either committed,
utilized or actively working on the project**

The Authority has a 30% Small Business Participation goal including:

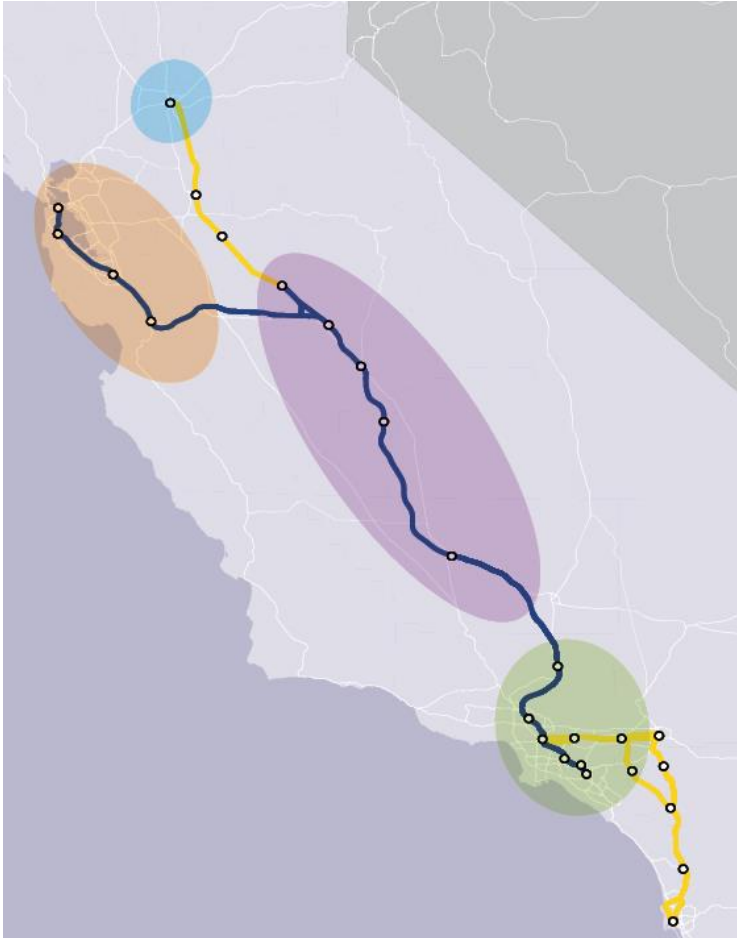
- 10% Disadvantaged Business Enterprises (DBE) participation
- 3% Disabled Veteran Business Enterprises (DVBE) participation



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Economic Impacts By Region 2006 2018



SACRAMENTO	FY 17-18	PROGRAM TOTAL
Job-Years of Employment	2,420	8,190
Labor Income	\$181 M	\$580 M
Economic Output	\$393 M	\$1,360 M

BAY AREA	FY 17-18	PROGRAM TOTAL
Job-Years of Employment	480	3,620
Labor Income	\$43 M	\$330 M
Economic Output	\$87 M	\$650 M

CENTRAL VALLEY	FY 17-18	PROGRAM TOTAL
Job-Years of Employment	4,550	15,880
Labor Income	\$240 M	\$800 M
Economic Output	\$750 M	\$2,750 M

SOUTHERN CALIFORNIA	FY 17-18	PROGRAM TOTAL
Job-Years of Employment	810	4,530
Labor Income	\$55 M	\$330 M
Economic Output	\$141 M	\$790 M



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Wrap Up

- As a project delivery organization, the benefits of the Program's increasing investment have continued to ripple through the California economy.
- The Authority supports thousands of jobs across all functions from planning and environmental clearance to engineering and construction.
- Sustained employment, along with investments across the state, have generated substantial economic benefits around California and across the country.



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Research Methods:

- Reviewed Contracts & Invoices, Conducted Interviews & Site Visits
- Utilized Industry-Standard Economic Models

The Authority Sought Expert Validation from:

- University of the Pacific
- Department of Finance
- Department of Labor
- Peer Review Group



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Resources:

- Technical Supporting Document
 - http://hsr.ca.gov/docs/brdmeetings/2019/brdmtg_031919_Item6_Economic_Impact_Technical_Supporting_Document.pdf Fact Sheet
- Fact Sheet
 - http://hsr.ca.gov/docs/brdmeetings/2019/brdmtg_031919_Item6_Economic_Impact_Analysis_Fact_Sheet.pdf
- Investing in California's Economy website
 - <https://www.buildhsr.com/hsrinvestment/>

