

2020 ECONOMIC IMPACT ANALYSIS

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2020 ECONOMIC IMPACT REPORT

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

Since 2017, the High-Speed Rail Authority (Authority) has annually produced Economic Impact Analysis reports that estimate the economic impacts of planning and constructing a high-speed rail system. The scope of this presentation covers the 2020 Economic Impact Report which adds the 2019/2020 fiscal year expenditure analyses to the project totals beginning in 2006.



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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.

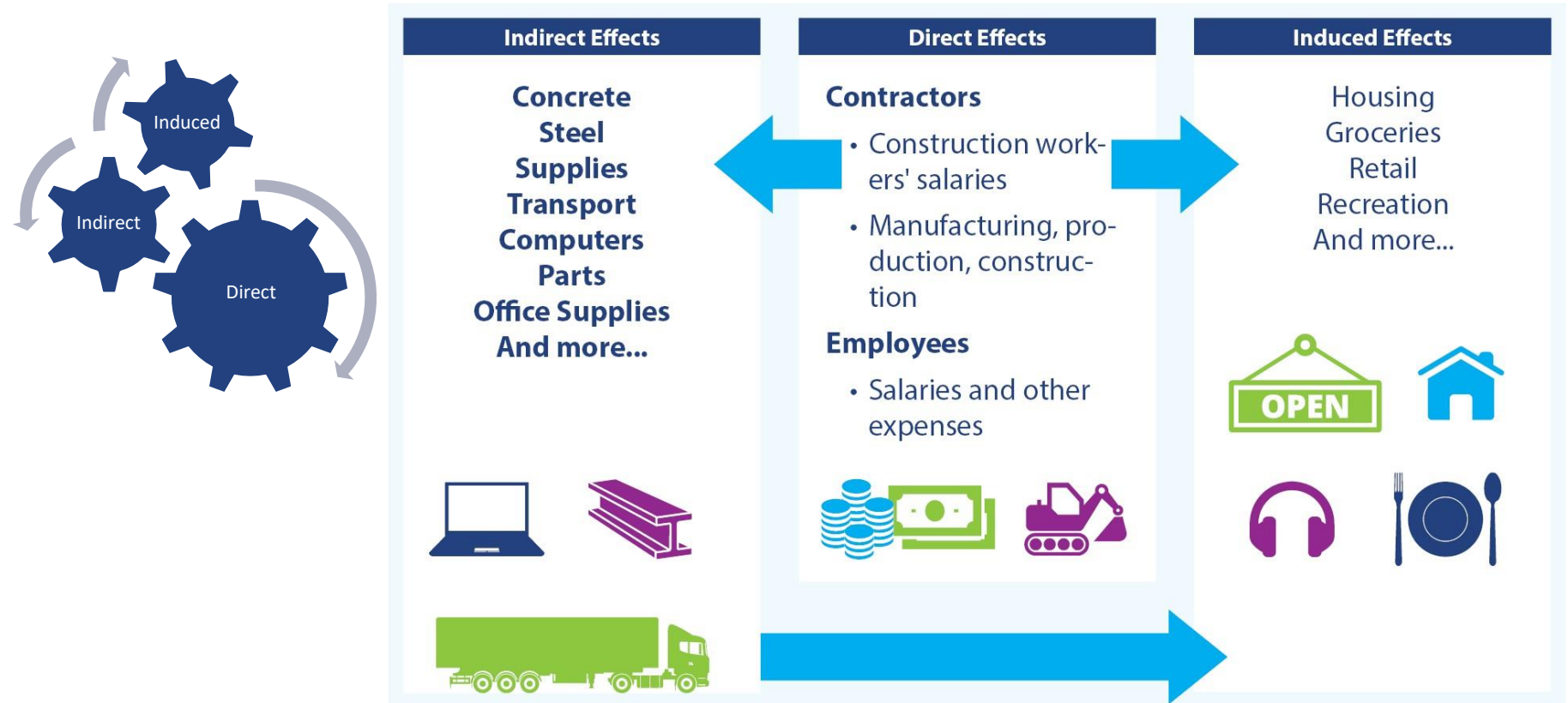


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Economic Effects:

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



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Research Methods:

- Reviewed contracts & invoices, and conducted interviews to determine spending by project activity and geographic location.
- Utilized industry-standard economic models to apply economic multipliers to spending in order to determine direct, indirect, and induced benefits to the local, regional, state-wide, and national economy.

Review and Validation:

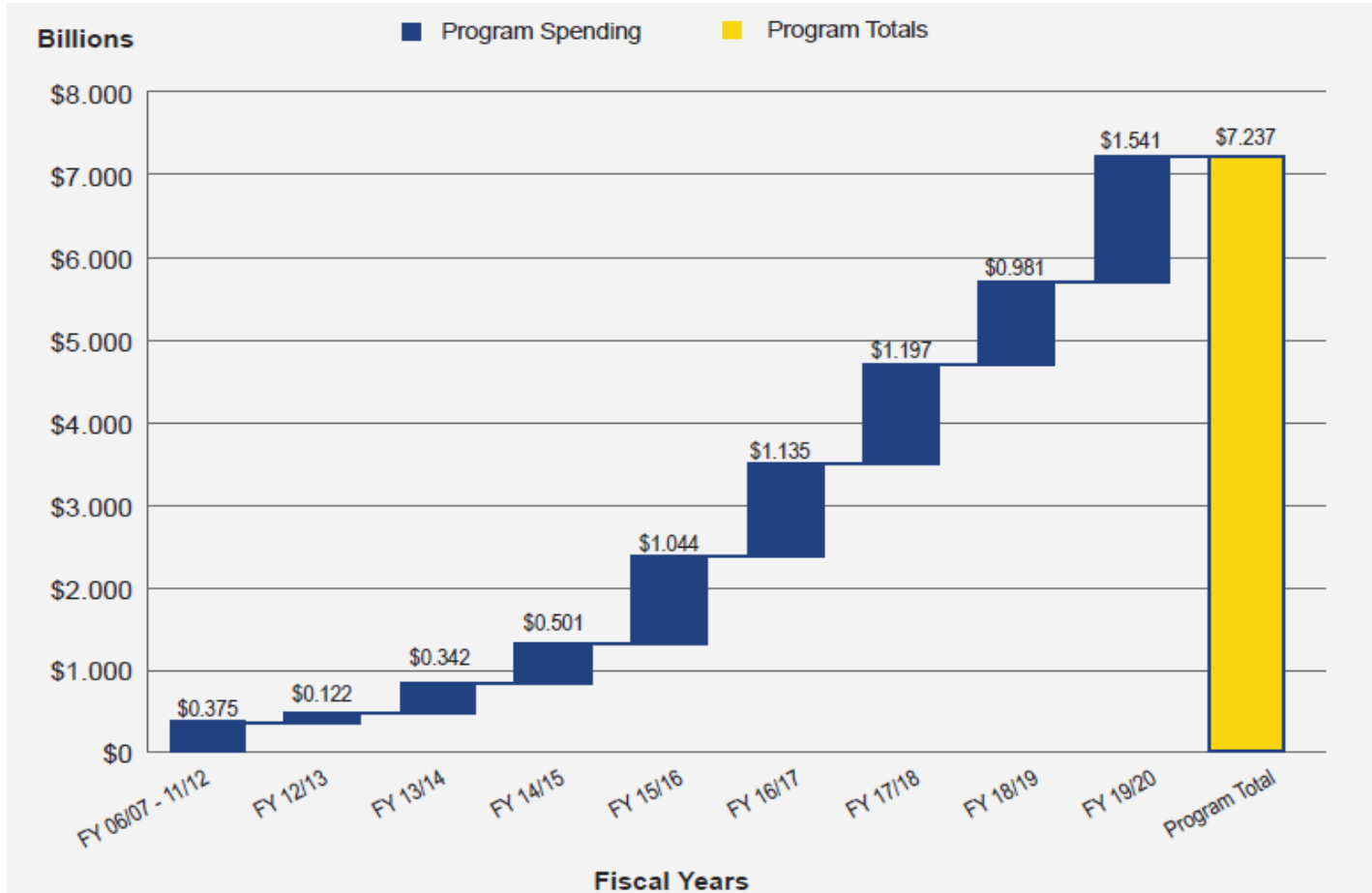
- In the original analysis (Historical Analysis) the Authority requested review and validation from several industry experts who reviewed inputs, assumptions, methodology, and outputs. The reviewers included: University of the Pacific, Department of Finance, Department of Labor, Peer Review Group.
- The FY19/20 Analysis followed similar methods and approaches as the Historical Analysis.



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Program Expenditures (\$ billions) 2006 - 2020



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California Statewide Economic Impacts 2006 - 2020



54,300 – 60,400

JOB-YEARS OF EMPLOYMENT

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

2020 – *Fiscal Year estimated employment was 9,900 job years.*



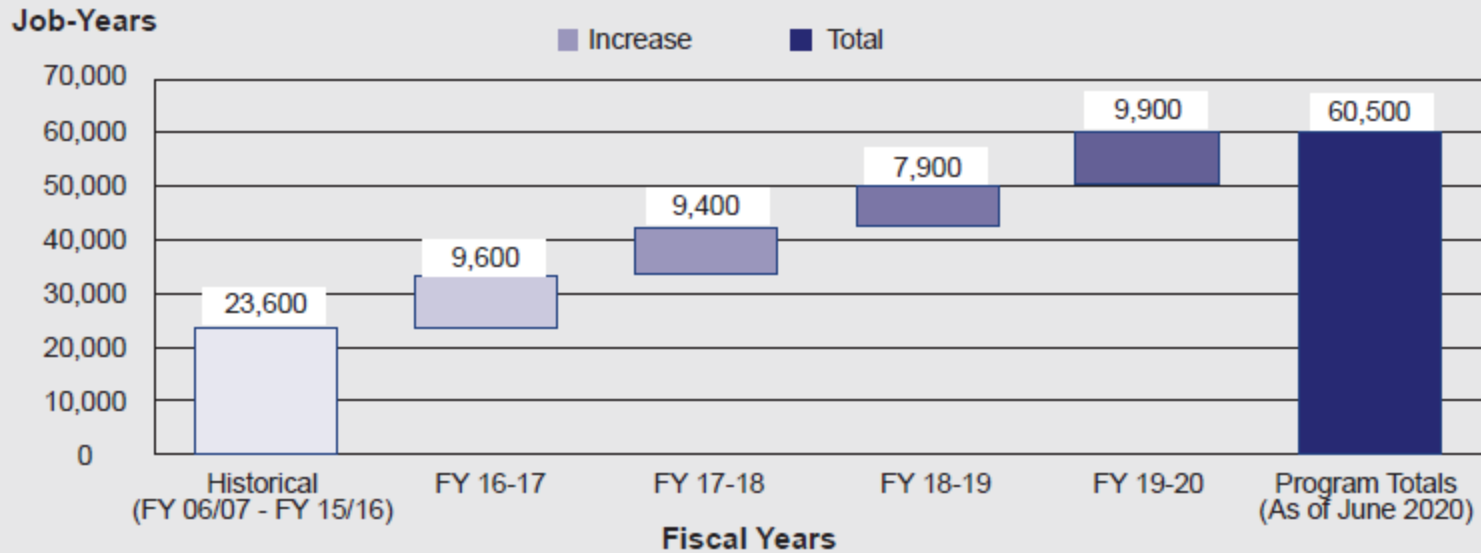
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California Statewide Economic Impacts 2006 - 2020

California Economic Impacts Over Time (Including Direct, Indirect, and Induced)

Employment in Job-Years



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California Statewide Economic Impacts
2006 - 2020



\$3.9 - \$4.4
BILLION

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.

2020 – Fiscal Year estimated labor income was \$780 million.



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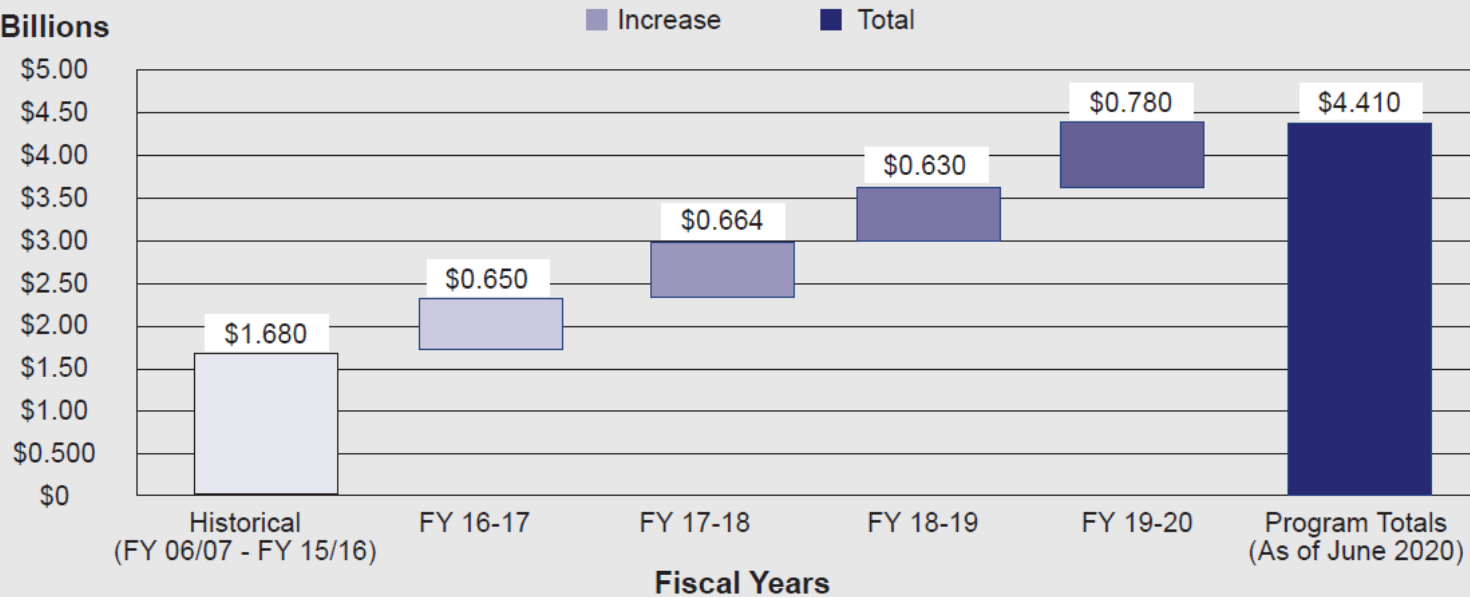
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California Statewide Economic Impacts 2006 - 2020

California Economic Impacts Over Time (Including Direct, Indirect, and Induced)

Labor Income

Billions



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California Statewide Economic Impacts 2006 - 2020



\$10.5 - \$11.4
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”.

2020 – Fiscal Year estimated economic output was \$2.2 billion.



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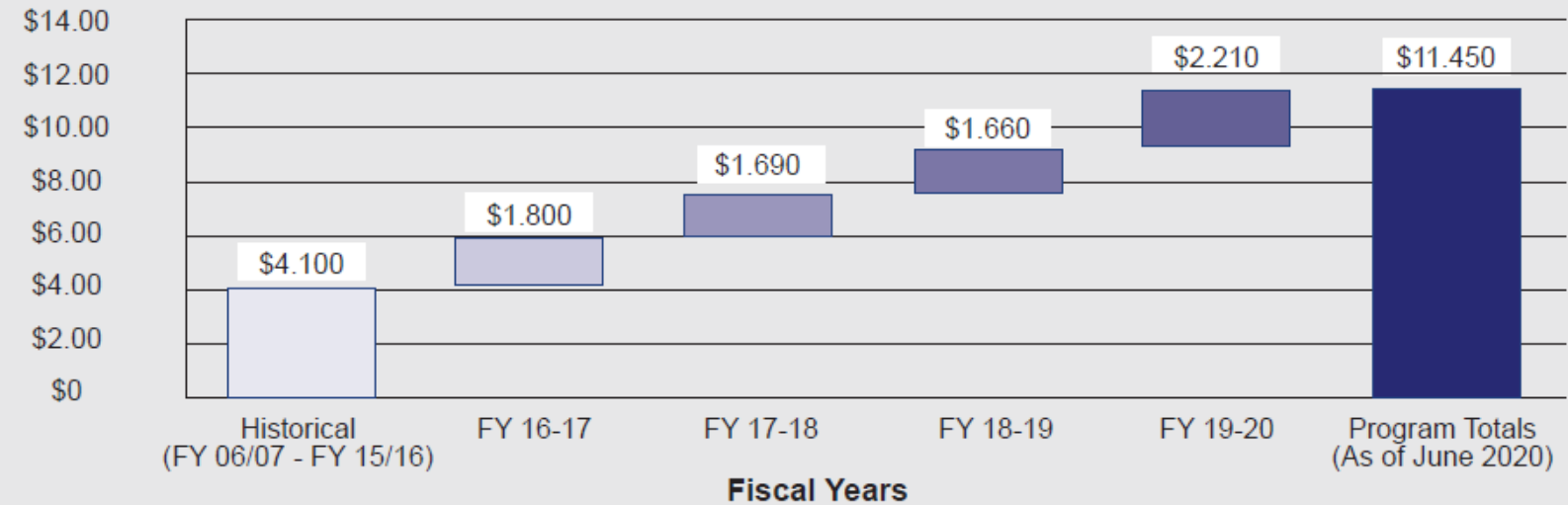
California Statewide Economic Impacts 2006 - 2020

California Economic Impacts Over Time (Including Direct, Indirect, and Induced)

Economic Output

Billions

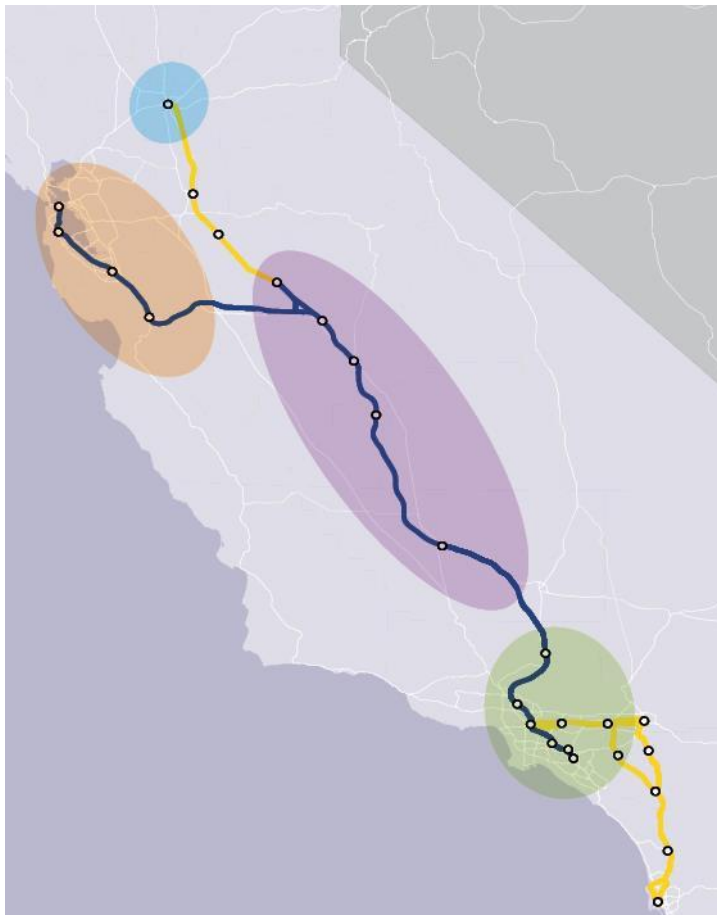
■ Increase ■ Total



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Direct Investment and Economic Impacts By Region 2006 - 2020



\$7.2 Billion Direct Investment in the Project from July 2006 through June 2020

SACRAMENTO	FY 19/20	PROGRAM TOTAL
Job-Years of Employment	800	11,300
Labor Income	\$60 M	\$800 M
Economic Output	\$150 M	\$1,830 M

BAY AREA	FY 19/20	PROGRAM TOTAL
Job-Years of Employment	900	5,600
Labor Income	\$90 M	\$530 M
Economic Output	\$240 M	\$1,170 M

CENTRAL VALLEY	FY 19/20	PROGRAM TOTAL
Job-Years of Employment	5,600	24,600
Labor Income	\$350 M	\$1,360 M
Economic Output	\$1,130 M	\$4,470 M

SOUTHERN CALIFORNIA	FY 19/20	PROGRAM TOTAL
Job-Years of Employment	1,700	6,800
Labor Income	\$130 M	\$500 M
Economic Output	\$370 M	\$1,270 M



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Wrap Up

- The benefits of High-Speed Rail continue to ripple through the California economy.
- The Authority supports thousands of jobs across all functions from planning and environmental clearance to engineering and construction.
- Over half of the project's investment occurred in designated disadvantaged communities and the Authority further supports equity through job training programs.
- In the Central Valley region alone – hard hit by the last recession – about \$4.5 billion in economic activity has benefited the region and its workers.
- The Authority has contributed to Central Valley regional economic recovery since the last recession. In Fresno alone, the unemployment rate has decreased from 17% in 2010 to 7% in 2019.



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Resources:

- Technical Supporting Document
 - https://hsr.ca.gov/docs/brdmeetings/2021/brdmtg_012121_Item3_Economic_Impact_Technical_Supporting_Document.pdf
- Fact Sheet
 - https://hsr.ca.gov/docs/brdmeetings/2021/brdmtg_012121_Item3_Economic_Impact_Analysis_Fact_Sheet.pdf
- Investing in California's Economy website
 - <https://www.buildhsr.com/hsrinvestment/>

