Evaluations of Highway Investments

Why use economic factors as a part of project prioritization?

- Calculate the extent to which investments in highway projects might support the strategic goals of a state, such as:
    - Growing the state's economy
    - Revitalizing areas in need
- Demonstrate how economic outcomes are experienced in the wider economy
- Differentiate between seemingly similar projects

What makes for a good economic factor?

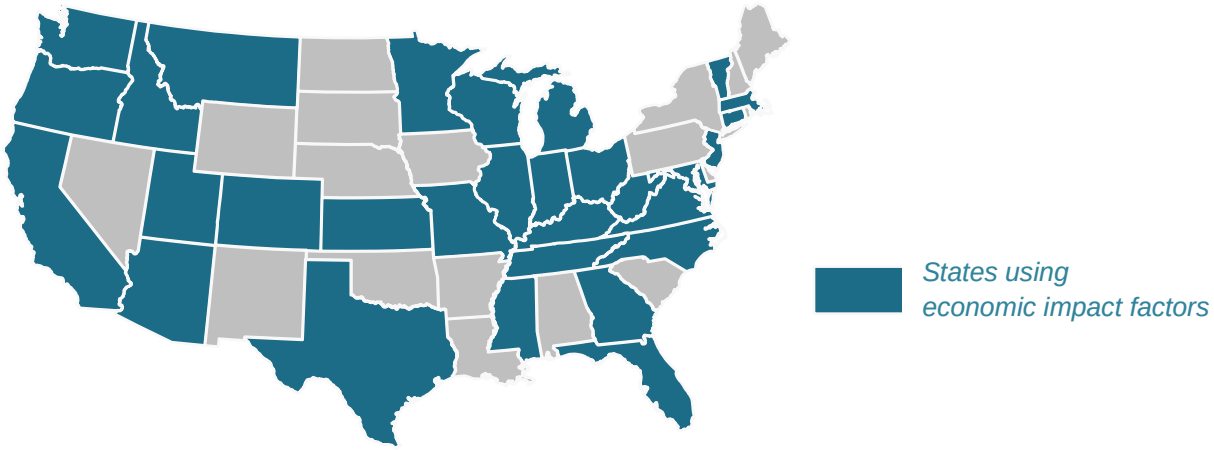
- Easy to compute and understand
- Consistent with wider policy goals
- Sensitive to transportation projects
- Captures the effects of the investment not captured elsewhere in the scoring or analysis
- Recognizes different settings and roles of transportation elements.

Commonly Used Scoring Factors

Scoring Factor	Definition
Jobs Created	Number of additional people employed permanently as a result of the investment.
Wage Income	All money earned by people working as a result of the project (cumulative over time).
"Value-Added" (Or Gross State Product)	State's net increase in overall business activity resulting in the state as a result of the project.
Economic Distress	% of population or business served that is below certain poverty or income thresholds.
Target Industry Impact	Jobs, Business Sales or GSP created in targeted industry groups.
Leverages Local Public Investment	Value of local investment supporting streets, water, sewer, and other supportive investments for the project area.
Leverages Private Sector Investment	Value of business investment flowing into the state because of the project.
Locally Derived Score from Economic Development Community	Points determined by local stakeholders based on subjective factors.

What Are Other States Doing?

At least 30 other states regularly use economic impact factors in statewide investment decision making processes, including those shown below:



2015 Recommendations for evaluating highway investments at NDOR

Characteristics of good factors to use:

- **Practical:** It is preferable to use factors that can be computed from information currently available to NDOR and do not burden local communities**.**
- **Broad:** It is preferable to use factors that do not isolate or target particular industries or areas, but widely reflect overall economic effects.
- **Sensitive**: It is preferable to use factors that are likely to show meaningful differences in projects; and that are not captured elsewhere.
- **Accepted:** It is preferable to use factors that are widely accepted and not "experimental" in nature.

Scoring and criteria:

- **Assign "Economic Points" based on overall statewide economic impact.**
- **Gross State Product created/$ spent:** Rewards projects that carry high-value and serve highly productive industries.
- **Permanent Nebraska jobs created/$ spent:** Shows how Build Nebraska Act helps employ workers (beyond just construction).
- **Business growth in distressed areas:** Shows how Build Nebraska Act not only spends money in distressed areas, but contributes to their economic recovery.

Key considerations for project prioritization processes

- **Use engineering performance data already used in prioritization at NDOR, including:** travel time, distance, speed, volumes, truck traffic.
- **Use an economic impact model:** Mainstream model that has information about industry composition, dynamics and transportation dependence.
- **Review economic impact reports and assign points based on economic factors:** Interpret results from an economic model in different contexts (i.e. urban/rural areas) to show how project characteristics are reflected by anticipated economic outcomes.
- **Review results internally and externally:** Ensure factors and the application of those factors is consistent with NDOR staff knowledge as well as local partners' knowledge.