The Washington Post article “The Math in Trump’s Infrastructure Plan Is off by 98 Percent, Upenn Economists Say” highlights PWBM’s analysis of the White House FY 2019 infrastructure plan.

PWBM’s analysis of the White House FY 2019 infrastructure plan reviews the economic literature to consider the response of state and local governments and the private sector to the types of federal spending programs outlined in the White House FY 2019 plan. Their response depends on the specifics of each program. About three-quarters of the funds in the $200 billion plan are for Incentive Grants and Rural Formula Funds. These grants are mostly matching grants with caps and block grants, which will not change the cost of additional infrastructure once the grant is exhausted. The majority of the studies in the literature related to these types of grants suggest an increase to total spending of less than $1 for each $1 of federal grant money.

The White House FY 2019 infrastructure plan aims for $1.5 trillion in new infrastructure investment. Based on the literature, PWBM estimates that infrastructure investment across all levels of government, including partnerships with the private sector, would increase between $20 billion to $230 billion, *including* the $200 billion federal investment. PWBM finds that the plan will have little to no impact on the size of the economy.

The Washington Post quotes our Kent Smetters saying, “We really tried to be generous here, but what the literature says is that states will figure out how to qualify for these grants without changing their existing behavior.” Washington Post reports opinions from distinguished non-PWBM economists who appear to basically agree with PWBM’s analysis.