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REMI

REMI is based on a 5 block model structure; which includes output, labor and capital, population and labor supply, market shares and wages, costs and prices blocks. Demand and supply interact in the wage, costs and prices block, and prices determine market shares, which along with components of demand, determine output. This 5 block model structure also takes into account the effects of agglomeration (the concentration of similar firms in the same area) in both the labor and producers market. This is important as these agglomeration effects lead to specialized labor and inputs, as well as increased productivity and efficiency.

REMI includes all the inter-industry relationships that are in an input-output model in the output block, but goes well beyond the input-output model by including the relationships in all of the other blocks. As such, REMI is an ideal standard for regional economic impact studies.

REMI Policy Insight is used by government agencies (including most U.S. state governments), consulting firms, nonprofit institutions, universities, and public utilities. REMI model simulations estimate comprehensive economic and demographic effects in wide-ranging initiatives such as: economic impact analysis; policies and programs for economic development, transportation, infrastructure, environment, energy and natural resources; and state and local tax changes. Articles about the model equations and research findings have been published in professional journals such as the American Economic Review, The Review of Economic Statistics, the Journal of Regional Science, and the International Regional Science Review.

The widespread use of the REMI methodology throughout the U.S. has led to extensive documentation of the value of using the REMI model in socioeconomic analysis. For example, the South Coast Air Quality Management District (SCAQMD) commissioned a $200,000 study for the Massachusetts Institute of Technology. The study, (hereafter referred to as "the MIT study") evaluated the REMI methodology and the entire socioeconomic analysis system that SCAQMD uses to obtain the impacts of implementing air pollution controls on the Los Angeles Basin. The MIT study evaluated REMI and other socioeconomic analysis models for SCAQMD, and came to the following conclusions:

REMI has the following seven features often unavailable in many other microcomputer-based regional forecasting models:

- It is calibrated to local conditions using a relatively large amount of local data, which is likely to improve its performance, especially under conditions of structural economic change.
- It has an exceptionally strong theoretical foundation.
- It actually combines several different kinds of analytical tools (including economic-base, input-output, and econometric models), allowing it to take advantage of each specific method's strengths and compensate for its weaknesses.
- It allows users to manipulate an unusually large number of input variables and gives forecasts for an unusually large number of output variables.
- It allows the user to generate forecasts for any combination of future years, allowing the user special flexibility in analyzing the timing of economic impacts.
- It accounts for business cycles.
- It has been used by a large number of users under diverse conditions and has proven to perform acceptably.