

ILLIANA EXPRESSWAY JOBS

Summary of Job Creation Estimates

Frank Manzo IV, MPP
Policy Director



Illinois Economic Policy Institute
www.illinoisepi.org
(708) 375-1002

Illiana Expressway Jobs: Summary of Job Creation Estimates

ILEPI Economic Commentary #3

INTRODUCTION

On December 12, 2013, the Northwest Indiana Regional Planning Commission (NIRPC) Executive Board will vote on whether to include the Illiana Expressway in its 2040 Comprehensive Regional Plan (CRP). The project has already been approved in Illinois, as the Chicago Metropolitan Agency for Planning (CMAP) voted 11 to 8 to add the expressway to its own GO TO 2040 Plan on October 18, 2013. The Illiana Expressway will have substantial short-run and long-run employment impacts that must be considered by NIRPC, especially given the slow but ongoing recovery from the Great Recession. The objective of this brief Economic Commentary is to demonstrate the substantial job creation benefits that will ensue from completion of the Illiana Expressway project.

COUNTY UNEMPLOYMENT RATES

The need for job creation in the region is evident (Figure 1). Figure 1 presents county unemployment rate estimates of affected counties from the U.S. Department of Labor Bureau of Labor Statistics. The data are from August 2013, the latest month for which county-level estimates are available. Unfortunately, the unemployment rate for each of the counties impacted by the Illiana Expressway exceeds the national unemployment rate. Additionally, each county-level unemployment rate is above its respective statewide average, indicating that joblessness remains a problem for the regional labor market as a whole. Clearly, the Chicagoland and Northwest Indiana region needs sensible, “high-road” policy solutions that spur job creation and pay long-term economic dividends.

Figure 1: County unemployment rates, August 2013, not seasonally adjusted

County	Current rate	12-month change
<i>Illinois</i>		
Cook	9.8%	+0.3%
Will	9.1%	+0.4%
Kankakee	10.4%	-0.8%
<i>Statewide</i>	<i>9.0%</i>	<i>0.0%</i>
<i>Indiana</i>		
Lake	9.4%	-0.2%
Porter	7.6%	-0.3%
Newton	8.3%	-1.8%
<i>Statewide</i>	<i>7.5%</i>	<i>-0.9%</i>
<i>United States</i>		
<i>Nationwide</i>	<i>7.3%</i>	<i>-0.9%</i>

Source: U.S. Department of Labor Bureau of Labor Statistics “databases and tools” feature: “Local Area Unemployment Statistics Map.”

SHORT-RUN JOB CREATION IMPACTS

To analyze the impact of the expressway on the entire economy from what would otherwise occur in the absence of construction, the Illinois Economic Policy Institute performed an input-output economic impact analysis. This method accounts for the interrelationship between industries in the economy, following a dollar as it cycles through the region until it is spent elsewhere (quantified through “multipliers”). The estimates which follow are itemized by direct, indirect, and induced impacts. *Direct impacts* are the effects on construction workers as a result of a going through with the project. *Indirect impacts* measure the job growth impacts of inter-industry purchases by companies which receive direct expenditures from the construction industry, such as in firms which supply construction materials and machinery. Lastly, *induced impacts* measure the job growth from additional consumer spending by those who are employed as a result of the direct and indirect impacts.

The Illiana Expressway will generate 1,097 short-term jobs from 2015 to 2018, including 571 construction jobs, and add \$667 million (in 2018 dollars) to the Indiana economy (Table 2). The Illiana Expressway is a high-road economic development project. By 2018, construction on the expressway will have put \$361.7 million into the pockets, retirement accounts, and health benefits of Indiana workers, or an average of \$61,073 per worker each year for four years. Directly employed new construction workers will earn an average of \$64,580 per year in total compensation as a result of the project. In Illinois, worker earnings are expected to be \$66,501 annually for all new jobs created by the project and \$71,215 each year for construction workers employed on the project.

Table 2: Per-Year Effect of Illiana Expressway on Jobs and Earnings, 2015-2018

Impact	Indiana Jobs Created	Indiana Earnings Per Worker Per Year (2018 \$)	Illinois Jobs Created	Illinois Earnings Per Worker Per Year (2018 \$)
Direct	571 (2,284 job-years)	\$64,580	1,688 (6,752 job-years)	\$71,215
Indirect	182 (726 job-years)	\$68,284	311 (1,244 job years)	\$73,593
Induced	344 (1,378 job-years)	\$51,457	686 (2,744 job years)	\$51,684
State Totals	1,097 (4,388 job-years)	\$61,073	2,685 (10,740 job years)	\$66,501

Source: The Illinois Economic Policy Institute uses IMPLAN (Impacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011. “Worker earnings” include all wage, salary, benefits, employer-paid payroll taxes, plus self-employment income.

In the short-run, construction of the expressway will lower the Indiana unemployment rate by 0.3 percentage points and the Illinois unemployment rate by 0.4 percentage points, all else equal. On top of the 571 new construction jobs, 526 jobs will be created in the region during the construction phase. The industries which will experience the job gains as a result of construction industry spending and increased consumer demand include architectural and engineering services (30 jobs each year), retail (55 jobs each year), and food and beverage establishments (25 jobs each year).

LONG-RUN JOB CREATION IMPACTS

Investing in the Illiana Expressway will create thousands of jobs for the regional economy. Beyond the initial 571 construction jobs and the 526 indirect and induced short-term jobs, estimates of the corridor’s impact on employment in the long-run are:

- 1,101 jobs¹ for the northwest Indiana region
- 558 jobs² for the North and Calumet Townships alone
- 3,551 jobs³ in Lake County, IN alone
- 7,000 jobs⁴ for the State of Indiana.

For Illinois, beyond the initial 1,688 construction jobs and the 997 indirect and induced short-term jobs, estimates of the corridor’s impact on range from 3,800 jobs⁵ for the CMAP region (not including Kankakee County) up to 13,800 jobs⁶ in northeastern Illinois or as many as 18,000 additional jobs⁷ for the State of Illinois.

¹ Indiana Department of Transportation (INDOT). (July 2009). *Illiana Expressway Feasibility Study: Final Report*. Prepared by Cambridge Systematics, Inc. and six affiliated consultancy firms. Available at http://www.in.gov/indot/files/FR_INDOT_IllianaExpresswy_07-31-2009.pdf, p. 8-18. Estimate is the 2040 AC3 route employment projection with supply chain benefits.

² Policy Analytics, LLC. (27 November 2013). *The Illiana Corridor: Northern Lake County Impacts*, p. 6. Estimate by Policy Analytics, LLC.

³ Policy Analytics, LLC. (27 November 2013). *The Illiana Corridor: Northern Lake County Impacts*, p. 6. Estimate by the Al Chalabi Group.

⁴ IDOT and INDOT estimate that the project will generate 28,000 jobs. The transportation departments estimate that 25.0 percent of the benefits of the expressway will occur in Indiana. 7,000 jobs is therefore their projection. See http://www.nwitimes.com/news/opinion/columnists/guest-commentary/editorial-advisory-board-illiana-would-be-route-to-jobs-global/article_f3cbcc25-5d49-5891-b7d0-2b0a0131a98c.html

⁵ *Ibid.* 2, CMAP, p. 10.

⁶ “Illiana Expressway Economic Opportunities Analysis: Final Report.” (30 April 2010). IDOT. Prepared by Cambridge Systematics, Inc. and Globetrotters Engineering Corporation. Available at <http://www.dot.state.il.us/Illiana/finalreport.pdf>. p. ES-2.

⁷ *Illiana Corridor Request for Inclusion in the Fiscally Constrained CMAP GO TO 2040 Comprehensive Regional Plan: Supporting Documentation.* (10 May 2013). Illinois Department of Transportation (IDOT). Prepared by Illiana Corridor, Partnering for Progress. Available at <http://www.cmap.illinois.gov/documents/20583/1336560/IDOTIllianaAssessment.pdf/ba900e3d-d01a-49da-be9f-604f9301b433>. p. 22.

ILEPI POLICY RECOMMENDATIONS

On both sides of the border, workers in this region need sensible, “high-road” policy solutions that grow the employment base, increase short-term aggregate demand, and address the future needs of the region. The Illiana Expressway puts residents back to work in high-road jobs with good pay (over \$60,000 in total compensation per job), promotes accountable economic development, and supports the region’s future population. The enduring benefits of the Illiana Expressway to workers are substantial. The Illiana Expressway should be constructed.