

THE BENEFITS OF THE ILLIANA EXPRESSWAY



An Opportunity for Indiana



November 6, 2013

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SUMMARY: As a follow up to a previous, Illinois-specific report, this Illinois Economic Policy Institute (ILEPI) Policy Brief analyzes the costs and benefits of building the Illiana Expressway for Indiana. The brief presents the significant short-run and long-run benefits of the highway. The corridor has positive impacts on employment, economic development, vehicle miles and hours traveled, traffic congestion, and the needs of a growing population. The Illiana Expressway should be constructed.



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Executive Summary

The proposed Illiana Expressway (or Illiana Corridor), a four-lane, 47-mile construction project in Chicagoland and northwest Indiana, will support 24,000 vehicles per day from I-55 in Will County, Illinois to I-65 in Lake County, Indiana.

The Proposed Illiana Plan

- The Indiana Department of Transportation (INDOT) has estimated that the corridor will generate \$3.87 billion in long-term economic impacts by 2048 and save \$10.2 million per year in travel time for the region.
- The expressway will cost Indiana about \$350 million in 2018 dollars, the bulk of which will be borne by private investors in a public-private partnership.

Illiana Concerns

- The Chicago Metropolitan Agency for Planning (CMAP) estimated that the costs of the Illiana Expressway will be 11.4 percent higher than IDOT anticipates.
- CMAP's analysis suffered from a series of inadequacies. CMAP did not include many workers in its analysis, based estimates on very recent data during a historic recession, and assumed that the Illiana Expressway would divert public money away from other necessary improvements to existing roads and from other new construction projects.
- Despite concerns, CMAP's Metropolitan Planning Organization (MPO) Policy Committee and Transportation Committee each voted to allow the project to go forward in Illinois.

Short-Run Economic Impacts of Construction

- The unemployment rate is 8.1 percent in Indiana and 9.4 percent in Lake County, Indiana alone. By 2015, the statewide unemployment rate will still be around 7 percent.
- The project will generate 1,097 short-term jobs (4,388 job-years) from 2015 to 2018, including 571 construction jobs (2,284 job-years).
- The project will add \$667 million (in 2018 dollars) to the Indiana economy and pay out \$362 million in total compensation to workers (\$61,073 per worker each year).
- The expressway will lower the state's unemployment rate by 0.3 percentage points.
- The construction phase will generate \$13.1 million in tax revenues to state and local governments per year.

Travel Benefits of the Illiana Expressway

- The expressway will save drivers 25 minutes and 25 miles of fuel during a single trip from I-65 near Cedar Lake, Indiana to I-55 near Wilmington, Illinois.
- By 2030, annual total traffic crossing the Illinois-Indiana border near the proposed route will increase by 12.8 percent. The Illiana Expressway would reduce Route 30 traffic by 6.8 percent and I-80/I-94 traffic by 2.2 percent.
- In the area where the expressway will be built, the corridor will reduce the number of vehicle miles traveled in congestion on all roads by between 2.4 and 4.7 percent.
- The expressway will decrease the amount of vehicle hours traveled in the region by between 40,000 and 96,000 hours each year.
- About 20,000 jobs will become newly accessible to workers in 30 minutes or less.

Long-Run Benefits of Constructing the Illiana Expressway

- In the long run, the corridor will spur the creation of between 1,101 and 7,000 new jobs.
- The project has the least environmental impact of all proposed routes, and INDOT has predicted no additional carbon dioxide emissions should the corridor be built.
- The project would be a signal that Indiana is open to innovative partnerships that are beneficial for both the government and for private sector interests.

Policy Recommendation

The Illiana Expressway should be added to NIRPC's 2040 Comprehensive Regional Plan (CRP), constructed in addition to other necessary and planned projects.

In the short run (2015-2018), the Illiana Expressway will:

- directly employ 571 construction workers (2,284 job-years),
- stimulate 526 additional jobs in the region (2,104 job-years),
- add \$667 million to the Indiana economy,
- generate \$13.1 million per year in state and local tax revenue, and
- reduce travel time, miles, and congestion.

In the long run, the Illiana Expressway will:

- spur economic development,
- create 1,101 to 7,000 new jobs,
- connect labor to employment opportunities,
- support the region's growing population,
- lower automobile pollution in the area, and
- demonstrate a willingness of the government to partner with the private sector.

The project puts Indiana residents to work in high-road jobs with good pay, spurs economic development, and supports the region's future population. The enduring benefits of the expressway outweigh its upfront costs. The Illiana Expressway should be constructed.

Introduction

The Illiana Expressway is a new construction project which proposes to build a corridor in the Chicago metropolitan area (Chicagoland). A joint effort between the Illinois Department of Transportation (IDOT) and the Indiana Department of Transportation (INDOT), the corridor would extend 47 miles, including 11 miles in Indiana. The selected proposal, called Corridor B3, plans for a four-lane highway linking I-55 in Will County, Illinois near the City of Wilmington to I-65 in Lake County, Indiana near the Town of Cedar Lake. Construction would commence, at the earliest, in 2015.

The proposed benefits of the new highway are substantial. The Illiana Expressway, or Illiana Corridor, would primarily benefit the heavy trucking industry in the short-term, diverting traffic away from I-80/I-94, I-90, and Route 30. The transportation and logistics sector, already an industry in which the Chicagoland and northwest Indiana specializes, is only expected to grow in the region. This reduced trucking congestion on I-80/I-94 in particular would further reduce the travel time and increase the productivity of affected commuters to and from Indiana. Finally, the infrastructure investment itself stimulates the economy, ailing the currently slack labor market in the state. In the long-run, the Illiana Expressway serves the interests of further connecting workers in the region to jobs as the population continues to grow.

There are, however, concerns over the costs of the project. The staff of the Chicago Metropolitan Agency for Planning (CMAP), the regional planning organization for Illinois' northeastern counties, recommended on September 27, 2013 that the Illiana project remain excluded from the region's GO TO 2040 Plan. In the report, CMAP questioned the cost estimates of IDOT and INDOT, positing that their projections are 11.4 percent low.¹ Unfortunately, due to a vacant modeler position, the Northwestern Indiana Regional Planning Commission (NIRPC) is presently understaffed and has yet to publish its own internal memorandum on the anticipated costs and benefits of the project for Indiana.

This Illinois Economic Policy Institute (ILEPI) Policy Brief is a follow up to a previous ILEPI report, *In Defense of the Illiana Expressway: Benefits to Workers, Businesses, and Families*, on the costs and benefits of building the Illiana Corridor in Illinois. In this report, the IDOT-INDOT plan is explored, Illiana concerns are critiqued in relation to Indiana, and the significant short-run and long-run benefits of the highway are respectively presented. A concluding section recaps the evidence in favor of building the Illiana Expressway.

The Proposed Illiana Plan

The idea for the Illiana Expressway was initiated by INDOT and IDOT in 2006. In an effort to finance the project and minimize risk, the preliminary proposal sought to allow a public-private partnership (P3) as a possible source of funding. Each state legislature subsequently

¹ Manzo, Frank. (30 August 2013). *In Defense of the Illiana Expressway: Benefits to Workers, Businesses, and Families*. Illinois Economic Policy Institute. Available at http://illinoisepi.org/countrysidenonprofit/wp-content/uploads/2013/10/ILEPI-Policy-Brief-In-Defense-of-the-Illiana-Expressway_Final1.pdf.

passed a law which enabled such an arrangement, with the expectation that the expressway will become a toll road. While it remains unclear how much each toll would cost, initial estimates suggest a cost between \$5 and \$10 to cars for a one-way trip, and slightly higher fees for trucks. Toll profits would be split in a contractual manner between the governments and private firm(s). In Indiana, an “availability payments” agreement akin to that which backs the financing of the East End Crossing Bridge will be used. In this arrangement, the winning private investment bidder will pay the upfront costs for design and construction, and the state, through the revenues generated by tolls, would make annual payments to the group for making the road “available.”² This agreement saves money for the taxpayer by shifting the cost of construction and maintenance onto those who use the new expressway. In 2010, Indiana Governor Mitch Daniels and Illinois Governor Pat Quinn signed a Memorandum of Agreement which pledged mutual commitment to completing the project.³

Since 2010, IDOT has completed “Tier One,” establishing the project’s purpose, need, and route. Of the proposed routes, the selected expressway, called B3, was deemed the best to improve regional mobility, reduce congestion, and increase freight transportation efficiency. B3 was also viewed as having the lowest cost and least environmental impact. B3, as previously noted, would connect I-55 in Illinois with I-65 in Indiana, with eight “potential interchanges at the following locations: I-55, US 45/52, I-57, IL 1, US 41, SR 55, and I-65” as well as one near IL 53.⁴ As part of “Tier Two,” IDOT will complete a final Environmental Impact Study in March of 2014 and request and select one or more private partners by the fall of 2014. Construction would begin in 2015 and conclude by 2018.⁵

The October 2012 Illiana Corridor Tier One “Preferred Corridor Report” used a “regional travel demand forecasting model” and is based on 2010 Census data, 90 years of historic population and employment data, current socioeconomic forecasts, and land availability and policies. IDOT and INDOT estimate that the B3 corridor, if tolled, will support 24,000 vehicles per day, with the majority of traffic coming from trucks. If tolled, IDOT and INDOT projects that the corridor will generate \$3.87 billion in long-term economic impacts by 2048 to the region. The project will also create 6,840 job-years for construction workers in Illinois and 2,284 job-years for construction workers in Indiana.⁶ Finally, IDOT and INDOT predict that the road will save \$10.2 million per year in travel time costs for commuters, truckers, and families.

² Benman, Keith. (24 September 2013). “States Will Seek Private Investors for Illiana Expressway.” *The Times of Northwest Indiana*. Available at http://www.nwitimes.com/news/local/lake/lowell/states-will-seek-private-investors-for-illiana-expressway/article_f2781b22-248a-58ae-97cb-6e28af53adbf.html.

³ “Memorandum: Proposed Amendment to GO TO 2040 – Illiana Corridor.” (30 July 2013). Chicago Metropolitan Agency for Planning (CMAP). Prepared by CMAP Staff. Available at <http://www.cmap.illinois.gov/documents/20583/1356626/IllianaV6--07-30-2013.pdf/4f71fb90-c416-4d3d-a771-ac819a20626a>. p. 2.

⁴ *Ibid.* 3, CMAP, p. 2.

⁵ “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. 2.

⁶ *Ibid.* 5, IDOT, p.16. A job-year is simply one job in one year. If the project timeline is the four-year span from 2015 to 2018, this project will create 1,710 construction jobs per year on average.

Compared to these long-run benefits, the costs of the B3 corridor are expected to be \$1.3 billion in 2018 dollars, of which Indiana would pay \$350 million, or \$6.6 million per-lane mile. However, the bulk of these costs are anticipated to be borne by private investors as the P3 option takes shape. Finally, roughly 20 residential displacements would occur as well.⁷

INDOT estimates that the Illiana Expressway will create 2,284 job-years for construction workers in Indiana.

Illiana Concerns

As previously noted, the Northwestern Indiana Regional Planning Commission (NIRPC), the planning agency for the region in Indiana, has yet to publish a report documenting the expected costs and benefits of the Illiana Expressway to Indiana. However, the regional planning body for Chicagoland in Illinois, the Chicago Metropolitan Agency for Planning (CMAP), published an internal memorandum questioning the desirability of the expressway.

CMAP's initial analysis suggested that tolls would need to be significantly higher on a per-mile basis than those on the rest of the tollway system to cover the costs of construction and maintenance. CMAP also estimated that costs of the Illiana Expressway are substantially higher than IDOT and INDOT's projections. Based on a per-lane analysis of other comparable projects, CMAP estimated the project cost to be \$8.1 million per-lane mile to Illinois, or 11.4 percent higher (in 2018 dollars) than the expectations of the transportation departments. Using these anticipated costs for Indiana, however, CMAP's per lane-mile estimates correspond to a cost of \$356.4 million in 2020 dollars. In addition, CMAP posited that that construction of the Illiana Corridor would only increase economic output in the Illinois counties of Cook, DuPage, Kane, Lake, McHenry, and Will by \$425 million by 2040.

CMAP's analysis suffered from a series of inadequacies. First, CMAP's projected benefit of an additional \$425 million added to the Illinois economy was low. Unlike IDOT and INDOT, the CMAP estimates did not include a host of workers when determining commuting behavior and economic output. While IDOT and INDOT include interns, part-time student workers, farm workers, private home workers, and secondary jobs, CMAP does not. CMAP's low job counts translate into lower economic benefits. Second, CMAP's estimates relied heavily on very recent data. While it is often better to extrapolate based on outcomes of the few years prior to a project, estimates which depend on the economic, population, and transportation trends during the Great Recession will necessarily churn out low economic impacts from the remarkably weak consumer demand of that period. Although the Illinois and Indiana economies remain in sluggish "boom" periods, they are no longer experiencing the "bust" of 2007 to 2012. As discussed in the next section, construction of the corridor will provide a needed short-term boost to the plodding recovery. Third, CMAP's evaluation suggested that the Illiana Expressway would divert public money away from other necessary improvements

⁷ "Preferred Corridor Report: Tier One Illiana Corridor Study." (October 2012). Illinois Department of Transportation (IDOT) and Indiana Department of Transportation (INDOT). Prepared by Illiana Corridor, Partnering for Progress. Available at http://www.illianacorridor.org/pdfs/illiana_pref_correport_101212pdf.pdf. p. 3.

to existing roads and from other new construction projects. But the public-private partnership financing strategy will reduce or eliminate the total cost to the state and the corridor will also receive federal funding from the Federal Highway Administration since it will cost over \$500 million. The project can actually be completed *in addition to*, rather than in place of, other planned projects.⁸ Finally, by virtue of serving its constituency, CMAP's analysis was limited solely to its six-county jurisdiction. Excluded from its analysis were all the benefits that would be accrued by the rest of Illinois (in particular, the counties of Kankakee, Grundy, and Kendall) and to the State of Indiana.

Despite these concerns, CMAP's Metropolitan Planning Organization (MPO) Policy Committee and CMAP's Transportation Committee each voted in the fall of 2013 to allow the project to go forward in Illinois.⁹ The committees determined that CMAP's staff recommendation understated the benefits of the project, and many voting members felt the process should move forward and let private investors truly determine the feasibility of the Illiana Expressway. Ultimately, the corridor was deemed a worthwhile investment for Illinois' economy and people.

Now, NIRPC must reach the same conclusion for Indiana. If NIRPC does not include the Illiana Expressway in its 2040 Comprehensive Regional Plan (CRP), the Illiana cannot be built.

Short-Run Economic Impacts of Construction

Today, the Indiana economy continues to suffer from weak aggregate demand. With a statewide unemployment rate of 8.1 percent and stagnating worker incomes, the state economy is still underperforming compared to outcomes before the Great Recession. Unless dramatic policy action is taken, Indiana's unemployment rate will be between 6.9 and 7.4 percent by the start of 2015.¹⁰ It should be noted that unemployment in Lake County, Indiana, also remains elevated, at 9.4 percent.¹¹

An Indiana unemployment rate around 7 percent six years into the recovery would be devastating for Indiana workers and would indicate unrelenting underperformance in the state's labor market. The Illiana Expressway, as a policy, would lower the unemployment rate by creating new jobs. 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

⁸ *Ibid.* 3, IDOT, p. 3.

⁹ Webber, Tammy. (17 October 2013). "Planning Agency Passes Proposal for Illiana Expressway." *NBC5 Chicago*. Available at <http://www.nbcchicago.com/traffic/transit/illiana-expressway--228158781.html>.

¹⁰ The 6.9 percent estimate is based on a 0.075 percentage point average monthly decline in the state's unemployment rate, the national average since U.S. unemployment peaked at 10.0 percent. The 7.4 percent estimate is based on a 0.047 percentage point monthly average monthly decline in the state's unemployment rate, the state's average since September 2011.

¹¹ Indiana and Lake County (IN) unemployment rates from United States Department of Labor Bureau of Labor Statistics (BLS) "Databases, Tables & Calculators by Subject" feature. Data are August 2013 preliminary estimates and are available at www.bls.gov/data.

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 effects of inter-industry purchases by companies which receive direct expenditures from the construction industry, such as suppliers of construction materials and machinery. Lastly, *induced impacts* measure the additional consumer spending by those who are employed as a result of the direct and indirect impacts.

Table 1: Effect of Illiana Expressway on Jobs, Earnings, Value Added, and GDP by 2018¹²

Impact	Jobs Created	Worker Earnings By 2018	Value Added by 2018	Economic Stimulus by 2018
Direct	571 (2,284 job-years)	\$147.50 million	\$158.22 million	\$288.11 million
Indirect	182 (726 job-years)	\$49.59 million	\$77.47 million	\$158.27 million
Induced	344 (1,378 job-years)	\$70.89 million	\$125.98 million	\$220.79 million
Statewide	1,097 (4,388 job-years)	\$267.99 million	\$361.66 million	\$667.17 million

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011. For analysis, ILEPI has access to Illinois counties and the U.S. national average. Dollar estimates are in 2013 dollars. The results are based on INDOT’s 2,284 job-years estimate and are 50% based on an Illinois output and 50% based on a U.S. output, due to the interconnectedness between Indiana and Illinois but differences in average construction industry earnings in Indiana compared to Illinois.

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 dollars)	Illinois Jobs Created	Illinois Earnings Per Worker Per Year (2018 dollars)
Direct	571	\$64,580	1,688	\$71,215
Indirect	182	\$68,284	311	\$73,593
Induced	344	\$51,457	686	\$51,684
Statewide	1,097	\$61,073	2,685	\$66,501

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011.

The Illiana Corridor 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 1).

¹² “Worker earnings” include all wage, salary, benefits, employer-paid payroll taxes, plus self-employment income; “value added” is the difference between industry output and the cost of intermediate goods, and includes worker earnings; “economic stimulus” is the effect on regional output (GDP).

The short-term economic effect on indirect and induced impacts is \$379.1 million; by itself, this economic development benefit is greater than INDOT's projected \$350 million cost.

The Illiana Expressway is also 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 (Table 2). 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.

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, retail, and food and beverage establishments.

Finally, the construction phase of the Illiana Expressway will add millions of dollars in tax revenue to the State of Indiana and to local governments (Table 3). By completion of the project in 2018, the corridor will have generated \$13.1 million per year in tax revenues to state and local governments that would not otherwise occur in Indiana and \$48.0 million in Illinois (Table 6). In Indiana, most of this revenue-enhancement comes from increased sales taxes (\$4.1 million), property taxes (\$3.97 million), and income taxes (\$2.4 million). Furthermore, the federal government stands to gain millions in new revenue in the form of increased income tax revenue.

Table 3: The Per-Year Effect of Illiana on State and Local Tax Revenues, 2015-2018

State and Local Tax Revenues	Indiana 2015-2018	Illinois 2015-2018
Social Insurance – Employee	\$0.08 million	\$0.45 million
Social Insurance – Employer	\$0.15 million	\$0.78 million
Sales Taxes	\$4.10 million	\$13.52 million
Property Taxes	\$3.97 million	\$15.34 million
Income Taxes	\$2.43 million	\$9.08 million
Fines, Fees, and Licenses	\$1.35 million	\$4.13 million
Corporate Taxes	\$0.42 million	\$1.68 million
Other Taxes	\$0.63 million	\$3.05 million
Total State and Local Taxes	\$13.13 million	\$48.03 million

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011.

In sum, in the short-term, the Illiana Expressway will create 1,097 jobs by 2018, increase consumer demand, raise government revenues, and help provide a boost to Indiana's economy.

The corridor will generate 1,097 jobs (571 in construction) annually and \$667 million in total for the state's economy from 2015 to 2018.

Travel Benefits of the Illiana Expressway

The immediate benefit of constructing the Illiana Expressway is a reduction in travel time and miles, diverting traffic from I-80/I-94 and Route 30 in particular. Currently, a vehicle must drive 72 miles to get from I-65 near Cedar Lake, Indiana to I-55 near Wilmington, Illinois, a trip that takes 70 minutes in non-congested traffic.¹³ With the Illiana Corridor, the distance traveled for this single trip will be 47 miles; the duration of the trip is estimated at 45 minutes. From location to location, the expressway will save 25 minutes and 25 miles of fuel for commuters, truckers, and families.

Of course, congestion is a problem. A recent study by Purdue University, while concluding that congestion decreased in Indiana in 2012 compared to 2011, found that six of the 20 most-congested areas on Indiana state-run roads are on I-65 in Chicagoland.¹⁴ The study did not include I-80 in its report because the road is now privately operated. Inclusion of the Borman would significantly alter these findings. Furthermore, a 2009 feasibility study prepared for INDOT suggested that the annual total traffic crossing the Illinois-Indiana border will increase from 346,004 vehicles to 390,371 vehicles by 2030 for the region, an increase of 12.8 percent.¹⁵ The study found that the Illiana Expressway would reduce Route 30 traffic by 2,500 vehicles (6.8 percent) and I-80/I-94 traffic by 2,200 vehicles (2.2 percent).¹⁶

Additionally, while 7 percent of all miles traveled by vehicles on all the region's highways are spent in heavy traffic, this percentage will increase by 2040. In the absence of new construction, CMAP predicts that the share of vehicle miles traveled in congestion *on highways* by all automobiles will rise to 10 percent by 2040. But for Will County and Kankakee County in Illinois and Lake County in Indiana, the expressway will reduce the number of vehicle miles traveled in congestion *on all roads* by between 48,000 and 95,000 miles (2.4 percent and 4.7 percent respectively).¹⁷

¹³ Estimates based on shortest possible route by time by Google Maps at maps.google.com.

¹⁴ Remias, Steve et al. (30 July 2013). *2012 Indiana Mobility Report: Summary Version*. Purdue University, Joint Transportation Research Program. Available at <http://docs.lib.purdue.edu/cgi/viewcontent.cgi?article=1003&context=imr>. p. 18.

¹⁵ 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. 7-3.

¹⁶ *Ibid.* 15, INDOT, p. 7-4 and 7-5.

¹⁷ "Alternatives Evaluation Report – Tier One." (February 2013). IDOT and INDOT. Prepared by Illiana Corridor, Partnering for Progress. Available at <http://www.illianacorridor.org/pdfs/illianaer020613.pdf>. p. 4-9.

Both CMAP and IDOT further predict that the Illiana Corridor will reduce the number of vehicle *hours* traveled in the region. CMAP projects that the expressway will decrease the amount of vehicle hours traveled in the region by 40,000 hours each year; IDOT estimates 96,000 hours saved.¹⁸ Consequently, access to jobs for workers will be improved: about 20,000 jobs will become newly accessible to Illinois and Indiana workers in 30 minutes or less as a result of the Illiana Expressway.¹⁹ Easing congestion on I-80/I-94, Route 30, and I-90 saves both time and money for workers, residents, and visitors and increases market efficiency.

The expressway will reduce Route 30 traffic by 6.8 percent and I-80/I-94 traffic by 2.2 percent.



Long-Run Benefits of Constructing the Illiana Expressway

Investing in the Illiana Expressway will create thousands of jobs for the Indiana economy. Beyond the initial 571 construction jobs and the 526 indirect and induced short-term jobs, estimates of the corridor's impact on Indiana employment range from 1,101²⁰ and 7,000²¹ long-term jobs that will not otherwise be created.

Additionally, while land will be needed to accommodate the economic growth spurred by construction of the Illiana Corridor and some have expressed valid concerns over impacts on the Kankakee River and wildlife in the Midewin National Tallgrass Prairie,²² the proposed B3 expressway has the least environmental impact of all proposed routes.²³ Moreover, in the long run, the reduction in annual miles spent in congested traffic and in hours traveled per year by all automobiles on all roads may actually lower automobile pollution in the greater Chicagoland region. Indeed, IDOT and INDOT have predicted no additional carbon dioxide emissions should the corridor be built. The Illiana Expressway, while making workers more productive, the market more efficient, and commutes and heavy trucking trips faster, may have positive environmental impacts in the long run.

¹⁸ *Ibid.* 3, CMAP, p. 12.

¹⁹ *Ibid.* 17, IDOT and INDOT, p. 4-9.

²⁰ *Ibid.* 15, INDOT, p. 8-18.

²¹ 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.

²² Benman, Keith. (12 July 2013). "Conservation Groups Oppose Illiana Expressway." *The Times of Northwest Indiana*. Available at http://www.nwitimes.com/business/local/conservation-groups-oppose-illiana-expressway/article_674daf9c-f134-562f-bf51-25c86878c389.html.

²³ *Ibid.* 7, IDOT and INDOT, p. 5.

Lastly, going through with the project would be a signal to private sector interests that both Illinois and Indiana are open to innovative partnerships that are mutually beneficial for the government and for private firms. The public-private partnership brings the business community in as stakeholders, provides for consistent and accountable follow-up, and allows governments to accomplish goals which— given current finances— would not be achieved if the public sector were to go it alone. If the contractual agreements are indeed successful, the Illiana Expressway will serve as a model for financing other road construction under situations when government resources are depleted.

Policy Recommendation

The Illiana Expressway should be added to NIRPC's 2040 Comprehensive Regional Plan, constructed in addition to other essential and planned projects. While it is true that Indiana continues to experience a tough budgetary environment, both the short-run and the long-run economic benefits of the expressway necessitate completion of the project, especially given the private-sector willingness to invest in the toll road and partner to put Indiana residents back to work.

In the short run (2015-2018), the Illiana Expressway will:

- directly employ 571 construction workers (2,284 job-years),
- stimulate 526 additional jobs in the region (2,104 job-years),
- add \$667 million to the Indiana economy,
- generate \$13.1 million per year in state and local tax revenue, and
- reduce travel time, miles, and congestion.

In the long run, the Illiana Expressway will:

- spur economic development,
- create 1,000 to 7,000 new jobs,
- connect labor to employment opportunities,
- support the region's growing population,
- lower automobile pollution in the area, and
- demonstrate a willingness of the government to partner with the private sector.

*The Illiana Expressway
should be constructed.*

While construction of the Illiana Expressway is estimated to cost \$350 to \$360 million in 2020 dollars, the economic benefits of the new tollway are far greater for Indiana. The Illinois Economic Policy Institute endorses IDOT and INDOT's \$3.87 billion estimated benefit to the regional economy, with about \$1.0 billion worth of long-run benefits to Indiana. The Illiana Expressway puts Indiana residents to work in high-road jobs with good pay, promotes accountable economic development, and supports the region's future population. The enduring benefits of the Illiana Expressway greatly outweigh its upfront costs. The Illiana Expressway should be constructed.

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