

IN DEFENSE OF THE ILLIANA EXPRESSWAY



Benefits to Workers, Businesses, and Families



August 30, 2013

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SUMMARY: This Illinois Economic Policy Institute (ILEPI) Policy Brief analyzes the costs and benefits of building the Illiana Expressway. Upon investigating CMAP's recent memorandum, 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, access to jobs and education, future construction, 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 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 Illinois Department of Transportation (IDOT) 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.
- IDOT estimates that the Illinois costs will be \$950 million in 2018 dollars, or \$6.6 million per lane mile, the bulk of which will be borne by private investors in a public-private partnership.

CMAP's July 30, 2013 Memorandum

- The Chicago Metropolitan Agency for Planning (CMAP) is the regional planning body for the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will in Illinois.
- CMAP's estimated costs of the Illiana Expressway are higher than IDOT's, at \$8.1 million per lane mile for a total cost of about \$1.06 billion (11.4 percent higher) in 2018 dollars.
- CMAP estimates that the corridor would only increase GDP by \$425 million by 2040 with travel costs reduced by \$3.6 million.

Issues with CMAP's Memorandum

- Unlike IDOT, the CMAP estimates do not include many workers; low job counts translate into lower economic benefits.
- CMAP's estimates rely heavily on very recent data, which depend on the economic, population, and transportation trends during the Great Recession. Although the economy remains in a sluggish "boom" period, the state is no longer experiencing the "bust" of 2007 to 2012.
- By 2040, Will County will be the second-most populous county in the Chicagoland area, adding 548,000 to 695,000 people and surpassing both DuPage County and Lake County.
- Will County, Kankakee County, and local municipalities have passed resolutions in support for the corridor. IDOT has provided \$500,000 in grant money to develop a coordinated multi-governmental plan for the corridor. The local communities are ready for the expressway.
- The project can be built *in addition to*, rather than in place of, other high-priority projects.

Short-Run Economic Impacts of Construction

- Illinois' working-age unemployment rate is 9.1 percent and average worker incomes are \$2,205 less than they were in 2007. By 2015, the unemployment rate will still be between 7 percent and 8 percent.
- The project will generate 2,685 short-term jobs (10,740 job-years) from 2015 to 2018, including 1,688 construction jobs (6,752 job-years).
- The project will add \$1.50 billion (in 2018 dollars) to the Illinois economy and pay out \$889 million in total compensation to workers (\$66,501 per worker each year).
- By itself, the expressway will lower the unemployment rate by 0.4 percentage points.
- In the short-term, the retail, architectural and engineering, food and beverage, private hospital, medical doctor and health practitioner, and wholesale trade sectors will benefit most from the induced and indirect impacts of constructing the corridor.

- The construction phase will generate \$48.0 million in tax revenues to state and local governments and \$120.8 million to the federal government by 2018.

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.
- Illinois highways, currently the fifth-busiest in the nation, will only become more congested. The corridor will reduce the share of vehicle *miles* traveled in congestion on highways by 1 percentage point.
- In the area where the Illiana Expressway will be built, the corridor will reduce the number of vehicle miles traveled in congestion on all roads by between 2.4 percent and 4.7 percent.
- The expressway will decrease the amount of vehicle *hours* traveled in Chicagoland 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 3,800 to 18,000 additional jobs.
- The project has the least environmental impact of all proposed routes, and IDOT has not predicted any additional carbon dioxide emissions should the corridor be built.
- The expressway will increase access to higher education for Chicagoland students and families, particularly to Governors State University.
- The benefits of the Illiana Expressway will only increase as a vital arterial road with the likely construction of the South Suburban Airport in Peotone, Illinois, which will generate 7,737 direct jobs, 42,739 additional jobs, and \$7.0 billion to the region's economy (in 2013 dollars).

Policy Recommendation

The Illiana Expressway should be added to CMAP's GO TO 2040 plan, constructed in addition to other necessary and planned projects.

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

- directly employ 1,688 construction workers (6,752 job-years),
- stimulate 997 additional jobs in the region (3,988 job-years),
- add \$1.50 billion to the Chicagoland economy,
- generate \$168.8 million in total tax revenue, and
- reduce travel time, miles, and congestion.

In the long run, the Illiana Expressway will:

- spur economic development,
- create thousands of jobs,
- connect labor to employment opportunities,
- support the region's growing population,
- lower automobile pollution in the area,
- help link students to higher education, and
- accommodate the likely South Suburban Airport.

The project puts Illinois residents back 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 36 miles in Illinois. 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-90, and Route 30. The reduced congestion on I-80 in particular would further reduce the travel time and increase the productivity of affected commuters. 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 Chicagoland to jobs as the population continues to grow, of providing easier access to higher education for students in the region, and of the increased transportation needs associated with the likely construction of the South Suburban Airport in Peotone, Illinois (also referred to as the “Lincoln National Airport”).

There are, however, concerns over the costs of the project. The Chicago Metropolitan Agency for Planning (CMAP), the regional planning organization for Illinois’ northeastern counties, released a memorandum on July 30, 2013 which posits that IDOT planners “sharply underestimated [the project’s] costs and overestimated its benefits.”¹ The report questions whether the Illiana Expressway should be included in CMAP’s comprehensive regional plan for economic success in Chicagoland over the next three decades.

This Illinois Economic Policy Institute (ILEPI) Policy Brief analyzes the costs and benefits of building the Illiana Corridor. In the next section, the history and details of the IDOT-INDOT plan are explored. CMAP’s comprehensive regional plan and recent memorandum are successively investigated, followed by ILEPI’s concerns about the memorandum. Then, the significant short-run and long-run benefits of the highway are respectively presented before a concluding section recaps the strong evidence in defense of the Illiana Expressway.

The Proposed Illiana Plan

The Illiana Corridor was initiated by IDOT and INDOT 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 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

¹ Benman, Keith. (1 August 2013). “Illinois Agency Questions Illiana Expressway’s Benefits, Costs.” *The Times of Northwest Indiana*. Available at http://www.nwitimes.com/business/local/illinois-agency-questions-illiana-expressway-s-benefits-cost/article_90d0cc03-ca5a-5629-8105-3f91236f0a3b.html.

suggest a cost between \$3 and \$10 to cars for a one-way trip, and slightly higher fees for trucks. Toll profits would be split in some contractual manner between the governments and private firm(s). This agreement, it was explained, would save money for the taxpayer and shift the cost onto those who use the new highway. In 2010, Illinois Governor Pat Quinn and Indiana Governor Mitch Daniels signed a Memorandum of Agreement which pledged mutual commitment to completing the project.²

Since 2010, IDOT and INDOT have 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 53.³ 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 2018.⁴

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 estimates that the B3 corridor, if tolled, will support 24,000 vehicles per day, with the majority of traffic coming from trucks. If tolled, IDOT projects that the corridor will generate \$3.87 billion in long-term economic impacts by 2048. The project will also create 6,840 job-years for construction workers in Illinois.⁵ Finally, IDOT predicts that the road will save \$10.2 million per year in travel time costs for commuters, truckers, and families.

Compared to these long-run benefits, the costs of the B3 corridor are expected to be \$1.3 billion in 2018 dollars, of which Illinois would pay \$950 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. 22 residential displacements would occur as well.⁶ IDOT’s analysis also assumes that 33 miles of nearby expressway will add lanes to accompany the Illiana Corridor, with accompanying costs totaling about an additional \$2.0 billion in 2018 dollars.⁷

² “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.

³ *Ibid.* 2, CMAP, p. 2.

⁴ “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.

⁵ *Ibid.* 4, 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.

⁶ “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.

⁷ *Ibid.* 2, CMAP, p. 5. Numbers are adjusted from 2009 dollars to 2018 dollars.



IDOT estimates that the Illiana Expressway will create 6,840 job-years for construction workers in Illinois.

GO TO 2040 and CMAP's Analysis

The Chicago Metropolitan Agency for Planning (CMAP) is the official regional planning body for the counties of Cook, DuPage, Kane, Kendall, Lake, McHenry, and Will in Illinois. CMAP's Board of Directors includes 15 members from the City of Chicago (5), Cook County (5), and "Collar Counties" (5). There are also three non-voting members, from IDOT, the Governor's office, and the Regional Transit Authority (RTA). CMAP's current executive director is Randy Blankenhorn, former IDOT's Bureau Chief of Urban Program Planning.

CMAP's 30-year comprehensive regional plan for improving Chicagoland's economy and quality of life is called the GO TO 2040 plan. GO TO 2040 provides recommendations for local officials and stakeholders to improve the lives of residents, including recommendations around "livable communities," "human capital," "efficient governance," and "regional mobility." On regional mobility, GO TO 2040 recommends that policymakers "prioritize efforts to maintain and modernize the existing system. Expensive new capacity projects should be built only if they yield benefits that outweigh their costs." The plan also recommends actions to improve the efficiency of Chicagoland's freight transportation network. Most freight is moved by truck.

The GO TO 2040 plan placed the Illiana Expressway on the "unconstrained projects" list, which means that CMAP considered the corridor but did not recommend it as a top priority from 2010 to 2040. 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. On April 10, 2013, IDOT requested that CMAP reconsider the corridor as a "fiscally constrained major capital project," a prioritized project for the region. If CMAP does not include the road in this part of the plan, the Illiana Corridor cannot be built.⁸

CMAP's estimated costs of the Illiana Expressway are substantially higher than IDOT's. Based on a per-lane analysis of other comparable projects, CMAP estimated the project cost to be \$8.1 million per-lane mile, or about \$1.17 billion in 2020 dollars to Illinois. For comparability with IDOT's estimates (which are in 2018 dollars), CMAP's estimated

⁸ *Ibid.* 1, Benman.

construction cost is \$1.06 billion to Illinois, or 11.4 percent higher than IDOT's projections.⁹ In addition, CMAP estimates that construction of the Illiana Corridor would only increase regional economic output by \$425 million by 2040 with travel costs reduced by an additional \$3.6 million.

Issues with CMAP's Memorandum

Only if the benefits of the project exceed the costs is it economically practical to build the road. At a long-term benefit of \$425 million, it does not make sense to construct the toll road, since the cost is believed to be \$1.17 billion plus about \$2.0 billion to add lanes to expressways to accompany the Illiana Expressway. On the other hand, at the expected benefits reported by IDOT of \$3.87 billion, the corridor would be deemed a worthwhile investment for the region's economy and people.

CMAP's projected benefit of an additional \$425 million added to the Illinois economy is low. First, unlike IDOT, the CMAP estimates do not include many workers when determining commuting behavior and economic output. While IDOT includes 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, ignoring individuals who also add to the economy and drive or commute to work. Second, CMAP's report does not factor in benefits that are relatively difficult to quantify, which will be discussed in succeeding sections.

CMAP's estimates also rely 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 economy remains in a sluggish "boom" period, the state is 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.

No matter the estimated benefits, Will County will grow substantially in the next two and a half decades (Table 1).¹⁰ By 2040, both CMAP and IDOT expect Will County to be the second-most populous county in the Chicagoland area, surpassing both DuPage County and Lake County. In the absence of the Illiana Corridor, CMAP predicts that the Will County population will expand by 548,000 people (81.5 percent growth), second in total population growth only to Cook County (which will grow by 1,091,000 people). But CMAP's estimates are based on a "preferred scenario" which is optimistic that policies focusing on existing communities will encourage individuals to choose to reside in denser, more-urban areas in the next few decades. IDOT, which assumes a bit less of a move back into the city based on past population trends, predicts that Will County will boom by 695,000 people (103.6 percent growth), more than any of the other Chicagoland counties. Total vehicle trips in the Illiana "study area," as a result, are projected to increase by 126 percent by 2040.

⁹ *Ibid.* 2, CMAP, p. 4. Figures adjusted by utilizing CMAP's assumed 5 percent annual growth rate.

¹⁰ *Ibid.* 2, CMAP, p. 10–11.

Table 1: Chicagoland Population Growth Projections, CMAP vs. IDOT, 2010-2040

Population	2010	2040 CMAP	CMAP Growth	2040 IDOT	IDOT Growth
Cook	5,148,673	6,239,232	1,090,559 (+21.2%)	5,774,388	625,715 (+12.2%)
DuPage	910,884	1,160,418	249,534 (+27.4%)	1,022,251	111,367 (+12.2%)
Kane	511,885	804,325	292,440 (+57.1%)	953,533	441,648 (+86.3%)
Kendall	114,574	207,802	93,228 (+81.4%)	262,442	147,868 (+129.1%)
Lake	698,616	971,048	272,432 (+39.0%)	941,616	243,000 (+34.8%)
McHenry	307,454	527,773	220,319 (+71.7%)	692,208	384,754 (+125.1%)
Will	671,260	1,217,973	546,713 (+81.5%)	1,366,659	695,399 (+103.6%)
Chicago Metro Area	8,363,344	11,128,570	2,772,375 (33.1%)	11,013,097	2,642,309 (31.7%)

Source: Chicago Metropolitan Agency for Planning, July 30, 2013 Memorandum RE: Proposed Amendment to GO TO 2040 – Illiana Corridor. Figure 5, page 10.

Likewise, both organizations predict that the size of Will County’s employment base will increase by more than the Counties of DuPage, Kane, Kendall, Lake, and McHenry (Table 2).¹¹ Without the Illiana Expressway, CMAP expects Cook County to add 598,000 new workers compared to 280,000 new workers in Will County. IDOT, on the other hand, projects Will County to add the most workers in the area, at 423,000 compared to Cook’s 403,000-employee growth. Regardless of whether one trusts the projections of either CMAP or IDOT more than the other, it is clear that internal investment will be needed to accommodate the consumption and transportation needs arising from the considerable growth of Will County.

CMAP further contends that these growing local communities affected by the Illiana Expressway are not prepared for the corridor. CMAP states that they “have not planned for a major new expressway and do not have plans and policies in place to address the development pressures.”¹² However, Will County, Kankakee County, and local municipalities including the City of Joliet have all passed resolutions in support of the Illiana B3 Corridor. IDOT has also provided \$500,000 in grant money to Will County and local communities to develop a coordinated land-use, transportation, and economic development plan for the corridor.¹³ There is not a lack of preparation or desire for the project.

¹¹ *Ibid.* 2, CMAP, p. 10–11.

¹² *Ibid.* 2, CMAP, p. 10–11.

¹³ “IDOT Comments on July 30, 2013 CMAP Staff Evaluation Memorandum of the Illiana Corridor to the Transportation Committee.” (19 August 2013). Illinois Department of Transportation (IDOT). Prepared by Illiana Corridor, Partnering for Progress. p. 9.

Table 2: Chicagoland Employment Growth Projections, CMAP vs. IDOT, 2010-2040

Employment Growth	CMAP Growth	IDOT Growth
Cook	598,002 (+25.1%)	402,579 (+12.9%)
DuPage	171,582 (+28.2%)	171,448 (+24.9%)
Kane	181,750 (+97.3%)	253,841 (+99.2%)
Kendall	51,107 (+231.5%)	65,030 (+220.7%)
Lake	156,006 (+50.0%)	210,636 (+49.3%)
McHenry	98,782 (+111.0%)	187,239 (+139.5%)
Will	279,847 (+138.6%)	423,273 (+169.5%)
Chicago Metro Area	1,537,076 (+40.4%)	1,714,046 (+34.9%)

Source: Chicago Metropolitan Agency for Planning. July 30, 2013 Memorandum RE: Proposed Amendment to GO TO 2040 – Illiana Corridor. Figure 7, page 11.

Finally, CMAP’s evaluation suggests that inclusion of the Illiana Expressway into the GO TO 2040 Plan’s “fiscally constrained” project list will force CMAP to remove other projects from the list (for example, lane additions to I-80 and I-94). The public-private partnership financing strategy, however, will reduce the total cost to the state. Since the costs of the project are estimated at more than \$500 million, the Illiana Corridor will also receive federal funding from the Federal Highway Administration. Ultimately, the project can be completed *in addition to*, rather than in place of, the projects on CMAP’s “fiscally constrained” list.¹⁴

Short-Run Economic Impacts of Construction

Today, the Illinois economy continues to suffer from weak aggregate demand. While the state economy has been sluggishly improving during the recovery, most labor market metrics are still underperforming compared to outcomes before the Great Recession. With a working-age unemployment rate of 9.1 percent, average worker incomes that are \$2,205 less than they were in 2007, a poverty rate of 12.7 percent, and rising income inequality in Illinois, the state economy still has a long way to go. A 2013 study by the University of Illinois recommended, among other policy solutions, “investing in public infrastructure to create jobs and spur economic activity” in order to increase both worker earnings and consumer demand.¹⁵ While both the University of Illinois and J.P. Morgan Chase predict that the Illinois economy will grow by 2.3 percent in 2013 and 3.4 percent in 2014, this GDP growth will be insufficient to

¹⁴ *Ibid.* 2, IDOT, p. 3.

¹⁵ Manzo IV, Frank and Robert Bruno. (9 July 2013). *The State of Working Illinois 2013: Labor in the Land of Lincoln*. University of Illinois at Urbana Champaign, Labor Education Program. Available at http://www.ler.illinois.edu/labor/images/State%20of%20Working%20Illinois_Final%20LEP%20Version.pdf. p. v.

heal the state's lagging labor market.¹⁶ It is estimated that the statewide unemployment rate will be between 6.9 percent and 7.7 percent by the start of 2015 unless dramatic policy action is taken.¹⁷

An Illinois unemployment rate between 7 and 8 percent six years into the recovery would be devastating for Illinois workers and would indicate unrelenting underperformance in the Illinois economy. 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 interrelationship between industries in Chicagoland's 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 3: Effect of Illiana Expressway on Jobs, Earnings, Value Added, and GDP by 2018¹⁸

Impact	Jobs Created	Worker Earnings By 2018	Value Added by 2018	Economic Stimulus by 2018
Direct	1,688 (6,752 job-years)	\$480.70 million	\$510.03 million	\$843.94 million
Indirect	311 (1,244 job-years)	\$91.70 million	\$135.88 million	\$246.67 million
Induced	686 (2,744 job-years)	\$141.79 million	\$243.08 million	\$395.32 million
Chicago Metro Area	2,685 (10,740 job-years)	\$714.19 million	\$888.98 million	\$1,495.93 million

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011. Dollar estimates are in 2018 dollars. The results are based on 9,000 job-years (*ibid.* 4, IDOT, pg. 16), a "local purchasing percentage" of 75.0%, and the Will County-Cook County-Kankakee County aggregated region for simplicity.

¹⁶ *Ibid.* 15, Manzo and Bruno, p. 2. "Regional Perspectives: Illinois Economic Outlook." (2013). Chase and J.P. Morgan Commercial Banking Report. Available at <https://www.chase.com/online/commercial-bank/document/Illinois.pdf>. p. 2.

¹⁷ Based on two applications of an economic concept called "Okun's Law" by the author. The first application assumes that a 2 percent increase in the economy is associated with a 1 percentage point decrease in the unemployment rate. The second application assumes a 3 percent increase in real GDP is correlated with a 1 percentage point drop in the unemployment rate. Each begins with an unemployment rate of 9.1 percent and only accounts for 2013 growth from August 2013 to the start of 2014. The first predicts that the unemployment rate will be 8.62 percent by the beginning of 2014 and 6.92 percent by the beginning of 2015. The second estimates that the unemployment rate will be 8.78 percent by January 2014 and 7.65 percent by January 2015. For more on "Okun's Law," see <http://www.investopedia.com/terms/o/okunslaw.asp>.

¹⁸ "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 (Chicagoland's GDP).

Table 4: Per-Year Effect of Illiana Expressway on Jobs and Earnings, 2015-2018

Impact	Jobs Created	Earnings Per Worker Per Year (2018 dollars)
Direct	1,688	\$71,215
Indirect	311	\$73,593
Induced	686	\$51,684
Chicago Metro Area	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. Dollar estimates are in 2018 dollars. The results are based on 9,000 job-years (*ibid.* 4, IDOT, pg. 16) and a “local purchasing percentage” of 75.0%.

The Illiana Corridor will generate 2,685 short-term jobs from 2015 to 2018, including 1,688 construction jobs, and add \$1.50 billion (in 2018 dollars) to the Illinois economy (Table 3). The short-term effect of \$642 million on GDP from the indirect and induced impacts alone is greater than CMAP’s long-term benefit of \$425 million.¹⁹

The Illiana Expressway is also a high-road economic development project. By 2018, construction on the expressway will have put \$889 million into the pockets, retirement accounts, and health benefits of Illinois workers, or an average of \$66,501 per worker each year (Table 4). Directly employed new construction workers will earn an average of \$71,215 per year in total compensation as a result of the project.

The expressway will, by itself, lower the unemployment rate by 0.4 percentage points in the short run, all else equal. On top of the 1,688 new construction jobs, about a thousand jobs will be created in the region during the construction phase (Table 5). The industries which will experience the largest job gains as a result of construction industry spending and increased consumer demand include: architectural and engineering services (90 jobs), food and beverage establishments (77 jobs), private hospitals (43 jobs), doctors and related practitioners (41 jobs), and wholesale trade businesses (40 jobs). The aggregated retail sector will also experience a boon of 169 new jobs in total.

The corridor will generate 2,685 jobs (1,688 in construction) and \$1.50 billion for the state’s economy from 2015 to 2018.

¹⁹ Gross domestic product (GDP), the standard measure for the health of an economy, is the summation of the following components: domestic consumption, private investment, government spending and investment, and net exports. As a result of the government spending and private investment involved in the project, regional GDP *necessarily* rises by at least \$1.06 billion (CMAP’s cost in 2018 dollars) in the short-term, plus the activity and consumption that is spurred by construction of the Illiana Corridor. This short-term boost to GDP provides much-needed stimulus to the Illinois economy.

Table 5: Top 20 Industries Experiencing Job Gains due to Illiana Expressway Construction, 2015-2018

Job Description	2015-2018 Jobs Created
Nonresidential construction (and maintenance and repair)	1,688
Architectural, engineering, and related services	90
Food services and drinking places	77
Private hospitals	43
Offices of physicians, dentists, and health practitioners	41
Wholesale trade businesses	40
Food and beverage retail	36
Real estate establishments	32
General merchandise retail	32
Employment services	30
Nursing and residential care facilities	25
Transport by truck	21
Individual and family services	19
Clothing store retail	18
Services to buildings and dwellings	17
Automotive repair and maintenance, except car washes	16
Securities, commodity contracts, investments, and related	16
Motor vehicle and parts retail	15
Home health care services	13
Health and personal care retail	13
Legal services	13
Chicago Metro Area	2,685

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011. The results are based on 9,000 job-years (ibid. 4, IDOT, pg. 16) and a “local purchasing percentage” of 75.0%.

Finally, the construction phase of the Illiana Expressway will add millions of dollars in tax revenue to the State of Illinois, to local governments, and to the federal government. By completion of the project in 2018, the corridor will have generated \$48.0 million in tax revenues to state and local governments that would not otherwise occur, including \$12.9 million in 2018 alone (Table 6). Most of this revenue-enhancement comes from increased property taxes (\$15.3 million), sales taxes (\$13.5 million), and income taxes (\$9.1 million). Furthermore, the federal government stands to gain \$120.8 million in new revenue by 2018

from construction, including \$32.4 million in 2018. The bulk of this new revenue originates in the form of increased income tax revenue (\$50.3 million).

Table 6: The Short-Term Effect of Illiana on State and Local Tax Revenues, 2015-2018

State and Local Tax Revenues	One-Year (2018)	2015-2018
Social Insurance – Employee	\$0.12 million	\$0.45 million
Social Insurance – Employer	\$0.21 million	\$0.78 million
Sales Taxes	\$3.63 million	\$13.52 million
Property Taxes	\$4.12 million	\$15.34 million
Income Taxes	\$2.44 million	\$9.08 million
Fines and Fees	\$1.11 million	\$4.13 million
Corporate Taxes	\$0.45 million	\$1.68 million
Other Taxes	\$0.82 million	\$3.05 million
Total State and Local Taxes	\$12.90 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. The results are based on 9,000 job-years (*ibid.* 4, IDOT, pg. 16) and a “local purchasing percentage” of 75.0%.

Table 7: The Short-Term Effect of Illiana on Federal Tax Revenues, 2015-2018

Federal Tax Revenues	One-Year (2018)	2015-2018
Social Insurance – Employee	\$7.65 million	\$28.48 million
Social Insurance – Employer	\$8.25 million	\$30.72 million
Income Taxes	\$13.52 million	\$50.34 million
Corporate Taxes	\$2.20 million	\$8.19 million
Other Taxes	\$0.83 million	\$3.09 million
Total State and Local Taxes	\$32.44 million	\$120.78 million

Source: The Illinois Economic Policy Institute uses IMPLAN (IMpacts for PLANning) Version 3.0.17.2, Minnesota IMPLAN Group, Inc., © 2011. The results are based on 9,000 job-years (*ibid.* 4, IDOT, pg. 16) and a “local purchasing percentage” of 75.0%.

In sum, in the short-term, the Illiana Expressway will create 2,685 jobs by 2018, increase consumer demand, raise government revenues (which partially offset the upfront costs), and help provide a boost to Illinois’ ailing economy.

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 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.²⁰ 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. Illinois interstates are the fifth-busiest in the nation. A 2013 report by the Federal Highway Administration reported that 31.0 billion miles are driven by all automobiles annually in Illinois.²¹ While 7 percent of all miles traveled by vehicles on Chicagoland 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. IDOT estimates an even higher increase in miles of congested highway of 17 percent. If the Illiana Corridor is built, however, both organizations predict that the expressway will lower the share of congested highway miles in the region by 1 percentage point, to 9 percent and 16 percent respectively.²² For the “study area,” which consists of 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).²³ Furthermore, 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.²⁴ The study did not include I-80 in its report, which would increase this finding, presumably because the road is now privately operated.

Both CMAP and IDOT further predict that the Illiana Corridor will reduce the number of vehicle *hours* traveled in Chicagoland. CMAP projects that the expressway will decrease the amount of vehicle hours traveled in Chicagoland by 40,000 hours each year; IDOT estimates 96,000 hours saved.²⁵ Consequently, access to jobs for workers will be improved: about 20,000 jobs will become newly accessible to workers in 30 minutes or less as a result of the Illiana Expressway.²⁶ Easing congestion on I-80, Route 30, and I-90 saves both time and money for workers, residents, and visitors and increases market efficiency.

²⁰ Estimates based on shortest possible route by time by Google Maps at maps.google.com.

²¹ “Report: Illinois Interstates 5th Busiest in Nation.” (19 August 2013). *Chicago Tribune*. Available at <http://www.chicagotribune.com/news/local/breaking/chi-illinois-interstate-highways-fifth-busiest,0,3732403.story?track=rss>.

²² *Ibid.* 2, CMAP, p. 13.

²³ “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.

²⁴ 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.

²⁵ *Ibid.* 2, CMAP, p. 12.

²⁶ *Ibid.* 23, IDOT and INDOT, p. 4-9.

The expressway will reduce the number of vehicle hours traveled in Chicagoland by 40,000 to 96,000 hours.



Long-Run Benefits of Constructing the Illiana Expressway

Investing in the Illiana Expressway will create thousands of jobs for the Illinois economy. Beyond the initial 1,688 construction jobs and the 997 indirect and induced short-term jobs, estimates of the corridor's impact on employment include 3,800,²⁷ 7,660,²⁸ between 9,190 and 13,810,²⁹ and 18,000 additional jobs³⁰ that will not otherwise be created. CMAP provided the smallest estimate (3,800 new jobs), which partially explains CMAP's relatively low long-term benefit to the region's economy.

CMAP's small added effect on the economy also ignores other important benefits, likely because they are a bit more difficult to quantify. Nevertheless, issues of pollution, student access to postsecondary education, and transportation to and from the probable South Suburban Airport are important.

First, 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,³¹ the proposed B3 expressway has the least environmental impact of all proposed routes.³² Moreover, in the long run, the reduction in annual miles spent in congested traffic (CMAP predicts 607,000 fewer congested miles on highways each year compared to IDOT's 408,000 drop in congested miles) and in hours traveled per year by all automobiles on all roads (CMAP predicts 40,000 hours saved each year compared to IDOT's estimate of 96,000 hours saved) may actually lower automobile pollution in the greater Chicagoland region. Indeed, IDOT has not predicted any additional carbon dioxide emissions should the corridor be built. The Illiana Expressway, while making workers more productive, the market more efficient, and

²⁷ *Ibid.* 2, CMAP, p. 10.

²⁸ *Ibid.* 6, IDOT and INDOT, p. 3.

²⁹ "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.

³⁰ *Ibid.* 4, IDOT, p.22.

³¹ 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.

³² *Ibid.* 6, IDOT and INDOT, p. 5.

commutes and heavy trucking trips faster, may have positive environmental impacts in the long run.

In addition, the Illiana Expressway will help increase access to higher education for Chicagoland students and families. Governors State University in University Park, Illinois is located just 10 miles (15 minutes) north of the proposed Illiana route. Governors State—which has historically been an “upper-division” school with only juniors, seniors, and graduate students who transfer from the region’s community colleges—is becoming a four-year university with its 2014 incoming freshman class. With 62 academic degrees, five doctoral programs, a 90 percent graduation rate in six years or less, a relatively inexpensive \$9,000 cost for tuition and fees, and a recent push to focus on educating low-income students, Governors State University is now an integral component of human capital development in Chicagoland.³³ It is important to note that, compared to those with a high school degree or equivalent, workers with an associate’s degree in Illinois earn 15 percent more each year in annual wage and salary income. Workers with a bachelor’s degree earn 86 percent more than those with a high school degree or equivalent, and workers with a doctorate earn 244 percent more on average.³⁴ Those with a college degree are also far less likely to be unemployed.³⁵ The Illiana Expressway will facilitate transportation by students, particularly from the growing Will County population, to the school. This augmented access helps increase investment in Illinois’ youth for the future success of the region.

Finally, the economic and social benefits of the Illiana Expressway will only increase with the likely construction of the South Suburban Airport in Peotone, Illinois. Susan Shea, IDOT’s Director of the Division of Aeronautics, recently said that the airport is “going to be such an economic engine for the community out there, for the state. It is going to happen. It’s just a matter of when. It’s not a matter anymore of if.”³⁶ Indeed, CMAP analyzed this potential economic engine in 2007, estimating that the airport will provide 7,737 direct jobs, generate 42,739 additional jobs, and add \$7.0 billion to the region’s economy (in 2013 dollars).³⁷

CMAP’s projected impact of the Illiana Expressway on the region’s economy in its 2013 memorandum does not include the increased need for infrastructure to accommodate traffic to and from the proposed location of the airport, other than noting that communities have planned to expand existing road networks to address the airport’s impact.³⁸ Nevertheless, in its 2007 economic impact analysis of the South Suburban Airport, CMAP noted that the benefits of the airport “are expected to be enhanced by a number of surface transportation

³³ Lourgou, Angie Leventis. (25 November 2012). “Governors State Making Switch to a 4-year School.” *Chicago Tribune*. Available at http://articles.chicagotribune.com/2012-11-25/news/ct-met-governors-state-university-20121122_1-governors-state-upper-division-university-freshman-class.

³⁴ *Ibid.* 15, Manzo and Bruno, p. 11.

³⁵ *Ibid.* 15, Manzo and Bruno, p. 8.

³⁶ Metsch, Steve. (29 July 2012). “Top IDOT Official Says Third Airport Will Be Built.” *Chicago Sun-Times*. Available at <http://www.suntimes.com/news/14080173-418/top-idot-official-says-third-airport-will-be-built.html>.

³⁷ Murtha, Tom and Tom Palzer. (August 2007). *South Suburban Airport: Community and Mobility Benefits*. CMAP. Prepared by CMAP Congestion Management Process. Available at <http://www.cmap.illinois.gov/documents/20583/6f9cb59-5c61-4164-9996-843f306b79cf>. p. 3. Figures estimated up to 2013 dollars by the Consumer Price Index (CPI-U).

³⁸ *Ibid.* 2, CMAP, p. 19.

improvements in the south suburbs. These highway and rail improvements include: ... Illiana Expressway with IL-394-I-57 Connector (Planned).”³⁹ The report further predicts that the airport would handle 8 percent and 6 percent of the region’s domestic and international air freight tonnage by 2030, respectively, noting that the “proposed Illiana Expressway will further improve access.”⁴⁰ Given that the expressway is expected to substantially benefit the freight and heavy trucking industries, the Illiana Corridor would be a vital arterial road linking the airport to the regional economy. In short, the Illiana Expressway will provide increased access to the airport, reduce traffic congestion to the facility, and help stimulate economic development in the surrounding area.

The economic and social benefits will only increase with the construction of the South Suburban Airport.



Policy Recommendation

The Illiana Expressway should be added to CMAP’s GO TO 2040 plan, constructed in addition to other essential and planned projects. While it is true that Illinois 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 Illinois residents back to work.

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

- directly employ 1,688 construction workers (6,752 job-years),
- stimulate 997 additional jobs in the region (3,988 job-years),
- add \$1.50 billion to the Chicagoland economy,
- generate \$168.8 million in total tax revenue, and
- reduce travel time, miles, and congestion.

In the long run, the Illiana Expressway will:

- spur economic development,
- create thousands of jobs,
- connect labor to employment opportunities,
- support the region’s growing population,
- lower automobile pollution in the area,
- help link students to higher education, and
- accommodate the likely South Suburban Airport.

The Illiana Expressway should be constructed.

³⁹ *Ibid.* 37, Murtha and Palzer, p. 5.

⁴⁰ *Ibid.* 37, Murtha and Palzer, p. 6.

While construction of the Illiana Expressway is estimated to cost \$1.17 billion plus a possible \$2.0 billion for related improvements in 2020 dollars by CMAP, the July 30, 2013 memorandum released by CMAP clearly understates the economic benefits of the new tollway. The Illinois Economic Policy Institute endorses IDOT's \$3.9 billion estimated benefit to the Chicagoland economy, especially after including the difficult-to-quantify benefits to commuters, workers, truckers, students, families, and private firms. The Illiana Expressway puts Illinois residents back 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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