



Economic Impacts of Long-Term Illinois Transportation Project Shutdown:

\$345 Million and 43,000 Jobs in Jeopardy, Analysis Finds

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The expected shutdown of Illinois Department of Transportation (IDOT) transportation construction projects, beginning July 1, would cost the transportation construction industry and Illinois taxpayers at least \$34 million in the first week, according to a new analysis from the American Road & Transportation Builders Association (ARTBA). Many of the nearly 11,000 employees who work for highway, street and bridge contractors will be significantly impacted, putting their weekly earnings of over \$17.5 million at risk. Over time, the project halt could cost as many as 43,000 jobs throughout the state's economy.

As the shutdown continues, the cost could grow to as high as \$345 million per week in lost sales, wages and economic activity throughout the state.

All highway and bridge construction work will be shut down June 30, according to a June 14 statement from IDOT. "Contractors will be advised to secure work zones to ensure their safety during any potential shutdown. As always, the safety of the traveling public will be the top priority as the department works through this process."¹

The shutdown will stop a planned \$2.2 billion in highway and bridge construction spending on 900 active projects with an awarded value of \$3.3 billion. IDOT will also be unable to start work on any new projects in FY 2018.²

The direct costs of the week-long shutdown include:

- At least \$20 million in total demobilization costs—this includes one-time costs associated with shutting down project sites to stop construction activity.³

1 D'Onofrio, Jessica. "If Illinois lawmakers don't pass budget, IDOT may stop all roadwork" ABC7 Chicago. 15 June 2017. Accessed 26 June 2017. <http://abc7chicago.com/politics/no-illinois-budget-could-mean-no-roadwork-idot-says/2102138/>

2 Interview with IDOT officials.

3 Ibid.

- Contractors will continue to spend \$14 million each week to ensure public safety and maintain existing facilities at the job sites, despite the order to shut down. This includes expenditures for project maintenance and traffic control.⁴ These expenditures will continue for the duration of the shutdown and are estimated to be \$2 million per day.
- Highway and bridge contractors employed an average of 11,000 workers in 2016. Shutting down projects could displace some of those employees and could put their jobs at risk.⁵ These workers collectively earn about \$17.5 million each week. As hourly employees, many will not get paid if they do not work.

The longer these transportation projects are stopped, the greater the negative impact will be on the rest of the state's economy as construction workers and firms have reduced income.

- An estimated \$127 million in construction work would have been completed on the identified projects the week of July 1—outside of the direct costs that contractors will incur to maintain their site. This construction work supports \$331 million in purchases through other sectors of the Illinois economy, adding \$171 million to the state's Gross Domestic Product.⁶ Although some of that spending will still occur next week, a prolonged shutdown will weaken that economic impact as contractors cut back on orders for materials, equipment and supplies.
- That \$2.2 billion in annual highway and bridge construction spending adds up to over \$5.7 billion in total economic output for Illinois businesses and adds nearly \$3 billion to the state's GDP.
- Construction spending on the affected IDOT projects supports an additional nearly 43,000 jobs through the major sectors of the economy, including manufacturing, healthcare and retail. As more construction workers lose their jobs and cut back on spending, this will reduce demand in other sectors of the economy, and could put these jobs at risk.
- Highway project delays result in direct and indirect costs to the public, including wasted time and fuel for travelers in the corridor, the effect on businesses and their consumers of increased roadway congestion, construction cost increases, and the economic impact of project delays. A month of delay can raise project costs by 1% to 1.5%.⁷

About the Author:

Dr. Alison Premo Black is senior vice president and chief economist for the American Road & Transportation Builders Association in Washington, D.C. Dr. Black, who earned her PhD. in Economics at The George Washington University in the Nation's Capital, also holds an M.A. in International Economics and Latin American Studies from the Johns Hopkins School of Advanced International Studies. Since joining ARTBA in 2000, Dr. Black has led teams and authored over 75 studies examining state transportation funding and investment patterns, including the May 2016 report *Facilitating Economic Growth: The Economic Impact of \$2 Billion in Highway and Bridge Construction Investment in New Jersey*.

4 Ibid.

5 U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages.

6 Two-thirds of the \$2.2 billion in expenditures for FY2018 is estimated to occur over the peak June-August construction season. Economic impact based on U.S. Bureau of Economic Analysis Regional Input-Output Modeling System multipliers for Illinois.

7 Beaty, Curtis, David Ellis, Brianne Glover, and Bill Stockton. Assessing the costs attributed to project delay during project pre-construction stages. Rep. no. FHWA/TX-15/0-6806-FY15 WR#3. Texas A&M University. Texas Transportation Institute (TTI), Mar. 2016. Accessed 19 June 2017. <<https://static.tti.tamu.edu/tti.tamu.edu/documents/0-6806-FY15-WR3.pdf>>.

The Shutdown Puts Nearly 43,000 Illinois Jobs at Risk.

Here Are the Sectors That Will Be Impacted:

