Executive Summary

The freedom of travel and choices of lifestyle that Wisconsin residents enjoy are made possible by an affordable, safe, and efficient transportation system – a network of roads, ports, rail lines, and airports covering the length and breadth of the State. Manufacturers rely on this network to access markets and to receive supplies. Businesses rely on it to conduct face-to-face meetings with customers and business associates. Employees rely on it to reach jobs, consumers rely on it to reach shopping destinations, and leisure travelers use it to reach recreational and tourist sites. By constantly maintaining and improving its transportation system, Wisconsin enhances the competitiveness of its businesses and economic opportunities for its people.

This study describes the positive economic impacts of transportation investment in Wisconsin through both quantitative and qualitative research. Recent studies show that state and national investments in transportation have measurable benefits to the economy. Specifically, transportation investment:

1. Creates jobs while boosting industry competitiveness and productivity;
2. Enhances household wellbeing;
3. Strengthens local, regional, and state economies;
4. Boosts state tax revenues;
5. Facilitates business and leisure travel;
6. Reduces economic losses associated with crashes; and
7. Reduces economic losses associated with congestion.

As businesses respond to the cost savings and accessibility benefits of transportation investments they become more competitive and the benefits reverberate throughout the entire economy. The direct economic effects of transportation investment include improved access to labor and specialized skills; statewide business attraction, expansion, and retention; reduced logistics costs; and greater tourism activity.

Benefits of State Highway System Investment

A benefit/cost analysis revealed the benefits of increasing investment in the Wisconsin State Trunk Highway (STH) System to $21.9 billion (in 2002 dollars)[1]. This is the proposed level of investment identified in the *2020 Wisconsin State Highway Plan,* and is $5.8 billion above the level needed simply to maintain current performance conditions. When spent over 21 years, and considering the time value of money, this additional $5.8 billion investment would be worth **$3.2 billion.** This is the **cost** side of the benefit/cost analysis. Although the study's focus is on the STH System, this is a reflection of data availability and is not meant to diminish the importance of local roads to Wisconsin's economy.[2]

The direct **benefits** of this additional investment were quantified by estimating savings in operating cost and time savings:

- **$7.0 billion** for everyday personal trips, such as driving to work, doing errands, or visiting friends; and
- $1.5 billion by businesspeople and truckers while "on the clock."

The "on the clock" portion of the benefits (the $1.5 billion above) would allow Wisconsin businesses to increase output, hire additional workers, and eventually increase Wisconsin residents' disposable personal income by **$2.7 billion**.

Therefore, the **total benefits** of the additional investment are the sum of the $7.0 billion for personal trips, plus the $2.7 billion of benefits *(macroeconomic impacts),* created from greater business efficiencies for a total of **$9.7 billion.**

The benefits ($9.7 billion) of additional investment ($3.2 billion) translate into measurable and significant results. For every dollar of additional investment in the STH System beyond that needed to maintain current conditions, Wisconsin would enjoy three dollars of benefit.

The study also demonstrates that additional highway investment leads to an increase in permanent new jobs. On an average annual basis, 4,800 more jobs would exist in Wisconsin if this additional $5.8 billion investment were made. This is because highway investment reduces the cost of doing business in Wisconsin, thus

[1] Unless otherwise indicated, all dollars in this report are expressed at 2002 levels.

[2] A data set currently under development at WisDOT will allow further analysis to be performed in the future for local roads.

allowing businesses to increase output and hire new workers. These employment opportunities are in addition to the new 4,300 jobs that would be supported – on average – through highway construction and routine maintenance.

Benefits of Multimodal Investment

Businesses require multimodal transportation options to access markets and supplies. Investment in Wisconsin's aviation, transit, ports, and rail systems improves the level of service and quality of infrastructure with measurable economic benefits. Findings from recent studies include:

Aviation. Airports, the Wisconsin aviation industry, and visitors who depend on air travel as their means of entering the state generate over $2.1 billion in Wisconsin economic activity, including support for over 41,000 jobs with a payroll of over $770 million for state residents.

Transit. Every $1.00 invested in proposed transit service adjustments that would better connect welfare recipients to job centers could generate $1.66 in benefits, mainly in taxpayer savings.

Deepwater Ports. During the 2000 shipping season, the Great Lakes system saved steel mills, utilities, and other key industries located near the Wisconsin ports of Milwaukee, Green Bay, and Superior-Wisconsin/Duluth-Minnesota some $380 million. In terms of total tonnage moved, the Port of Duluth-Superior ranks 20th in the nation with over 41 million tons shipped in 2000. Additionally, the Ports of Green Bay and Milwaukee handled well over five million tons in 2000.

Rail. In 2000, Wisconsin's freight railroads moved 149 million tons of materials valued at over $4 billion, including such essential commodities as grain, pulp, lumber, coal, fertilizers, and heavy machinery. The rail industry itself employed over 4,000 Wisconsin residents earning over $210 million in wages in 2000.