

TO Shirley Moore Smeal, Executive Deputy Secretary – Department of Corrections

FROM Brent K. Vernon, Executive Director – Governor’s Action Team

DATE January 25, 2017

RE Potential SCI Closures

MESSAGE:

It is our understanding that the Department of Corrections (DOC) will make a decision in the near future regarding the potential closure of two state prison facilities. DOC advised us that five prisons have been identified for evaluation for potential closure, and two will be selected for closure. The Department of Community and Economic Development (DCED) has calculated and compiled information related to the potential economic impacts of each of the five facilities identified for evaluation. For comparative purposes, we have included additional information published in the DOC’s Facility Analysis 2017.

The Emsi Economic Modeling tool was utilized in calculating ripple effect impacts. Emsi is a widely recognized modeling tool with over 13 years in the industry with over 1,000 certified professional users. Emsi data is frequently cited in publications such as USA Today, Wall Street Journal, Forbes, Inc., and Harvard Business Review.

The information listed below is included on the following pages:

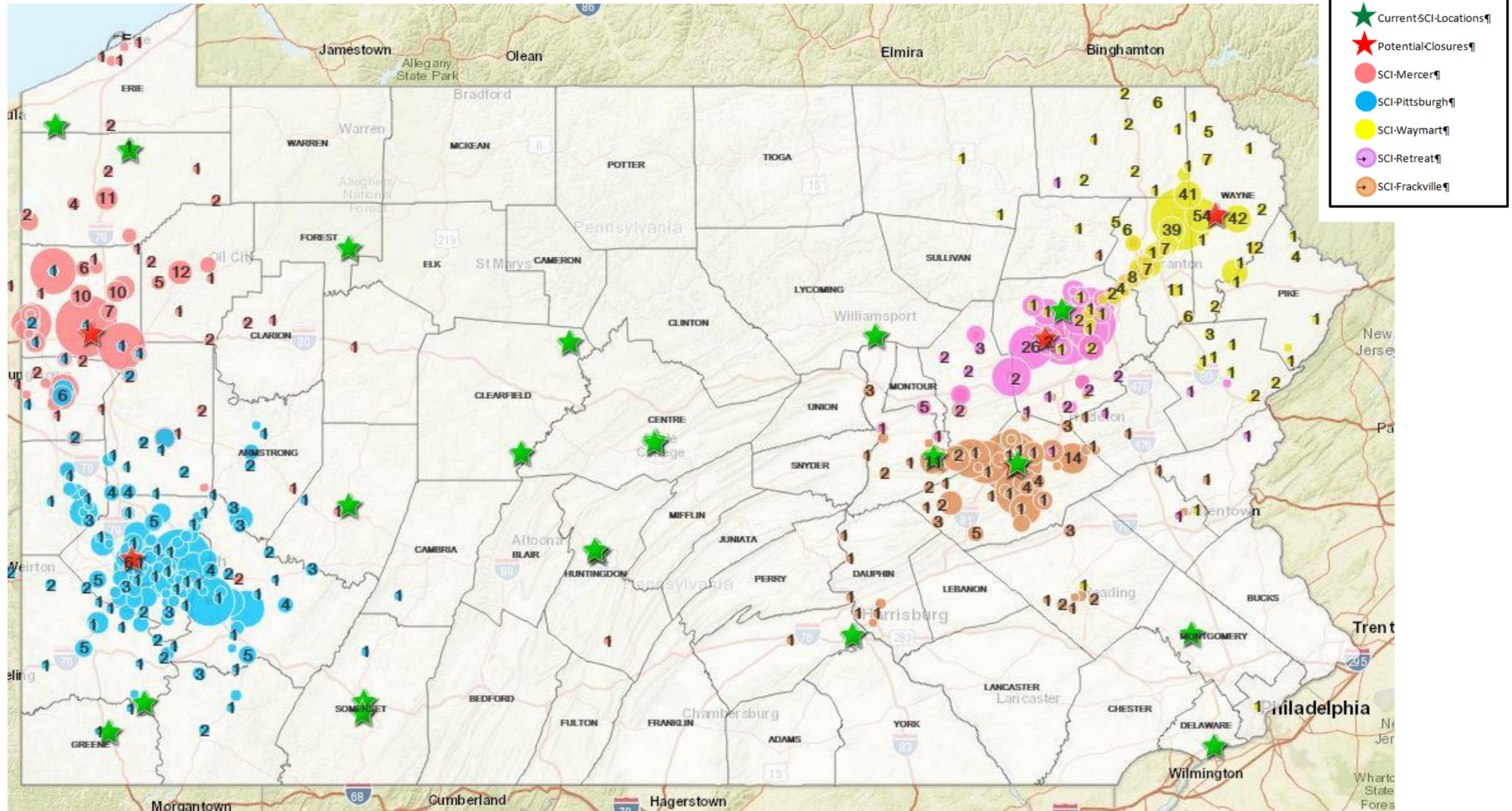
1. Executive Summary of economic impacts and facility-specific data
2. Statewide overview map of employees affected by facility and zip code
3. Executive Summary of fiscal data from DCED’s municipal statistics data
4. Detailed economic impact results for each of the five facilities to be evaluated
5. Detailed fiscal data from DCED’s municipal statistics

We trust the economic modeling and other data provided by DCED to DOC will be valuable to the decision-making process.

Executive Summary of Impacts and Facility Data

	SCI Frackville	SCI Mercer	SCI Pittsburgh	SCI Retreat	SCI Waymart
Economic Impact Executive Summary					
Total Workers at Facility	409	413	555	400	706
Estimated Average Annual Salaries of Workers	\$67,217.83	\$69,984.05	\$77,973	\$67,965	\$66,090
Estimated Impact Area	35-min. drive	35-min. drive	35-min. drive	35-min. drive	35-min. drive
Estimated # of Workers that Will Leave the Impact Area	20	21	28	20	35
Estimated Initial Impact (Jobs)	20	21	28	20	35
Estimated Ripple Effect Impact (Jobs)	168	284	1,209	338	503
Estimated Initial Impact to Earned Income Tax	\$14,788	\$20,575	\$30,565	\$20,390	\$46,263
Estimated Ripple Effect Impact to Earned Income Tax	\$64,442	\$128,467	\$488,812	\$136,092	\$349,187
Executive Summary of Facility Data					
Year Built	1987	1978	1882	1938	1912
Total Operational Capacity	1,125	1,494	1,803	1,104	1,522
# of Mental Health and Medical Beds	13	12	84	31	350
Estimated FY 2017-18 Cost/Fiscal/Budget	\$56,983,000	\$60,443,000	\$100,510,000	\$57,368,000	\$99,478,000
Mothballing Costs Heating	\$256,463	\$0	\$319,372	\$470,589	\$466,783
Total Mothballing Costs	\$1,538,286	\$1,684,974	\$2,089,188	\$1,923,053	\$1,807,739
Needed Upgrades	\$11,485,000	\$14,791,000	\$15,053,000	\$6,398,831	\$41,473,831
Previous 10-Year Upgrades	\$4,372,740	\$19,669,000	\$502,916*	\$4,783,774	\$10,396,750
County Unemployment Rate	5.7%	5.5%	4.8%	5.7%	5.2%
Average Staffing Cost per Worker	\$120,939	\$124,838	\$135,652	\$121,780	\$118,144
Eligible Retirees within 4-Years	95	116	149	107	173

Statewide Overview Map of Employees Affected by Facility and Zip Code



NOTE: Additional detail is available for each facility in the detailed economic impact results section.

Prison Closings – Executive Summary of Fiscal Data

Pittsburgh City, Allegheny County – Population 305,704

Act 47 designated municipality

Taxes - 3% EIT – 20% of taxes; \$291/Capita; RE 8 mills **high tax burden**

Revenue Per Capita - \$2,250; Exp Per Capita - \$2,292

Debt Per Capita - \$3,437

Pension - Significant pension liabilities – Fund Ratio 57% - Moderately distressed

OPEB - Significant unfunded OPEB liabilities

Diversified tax base relies on a mix of taxes more so than other municipalities though **tax burden is very high - EIT rate is 2nd only to Philadelphia**

Very high debt burden 19% of budget - Best Practice <= to 10%-12%

Frackville, Schuylkill (West Mahanoy Twp.) - Population 2,872

Taxes – EIT (1%) Revenue 30% of taxes; \$84/Capita; RE 5.9 mills

Revenue - \$540/Capita; Expenditures - \$462/Capita

Debt – 4% of Expenditures - \$2,391/Capita

Pension – Fund Ratio 80% - Minimally distressed

High debt burden

Mahanoy City Borough – Pop 4,162

Act 47 designated municipality

Taxes – EIT (2%) Revenue 27.5% of budget; \$54/Capita; RE 23.9 mills

Revenue \$765/Capita; Exp \$670/Capita

Debt – 15% of Exp - \$168/Capita

Pension – Fund Ratio 72% - Minimally distressed

High debt burden

Shenandoah – Population 5,071 former Act 47 municipality – rescinded 4/93

Taxes – EIT (1%) Revenue 23% of taxes; \$48/Capita; RE 27 mills

Revenue \$630/Capita; Exp \$642/Capita

Debt – 14.5% of Expenditures; \$361/Capita

Pension – Fund ratio - 81% - Minimally distressed

High debt burden

Frackville Borough – Population 3,805

Taxes – EIT Revenue 27% of taxes; \$86/Capita; RE 17.08 mills

Revenue \$543/Capita; Exp \$552/Capita

Debt – 7% of Expenditures; \$141/Capita

Pension – Fund ratio - 100% DC Plan

Ryan Twp. Pop 2,459

Taxes – EIT (1%) Revenue 30% of taxes; \$64/Capita; RE 3.5 mills

Revenue \$238/Capita; Exp \$223/Capita

Debt – No Debt

Pension - None

Low tax burden; no debt or pensions; Strong fiscal position

New Castle Twp. Pop 414

Taxes – EIT (1%) Revenue 15% of taxes; \$70/Capita; RE 11.5 mills

Revenue \$607/Capita; Exp \$447/Capita

Debt – No Debt

Pension – Fund ratio 118% - Overfunded

No Debt; Strong fiscal position

Retreat, Luzerne County (Hunlock Twp.) - Population 2,443

Taxes – EIT Revenue (1%) 68% of taxes; \$96/Capita; RE Millage .75 mills

Revenue \$332/Capita; Exp \$207/Capita

Debt – 0% of Exp - \$50/Capita

Pension – Fund Ratio 88% - Minimally distressed

Low tax burden; low debt burden

Nanticoke City – Pop 10,465 - former Act 47 designated - rescinded 8/15

Taxes – EIT (2%) 53% of taxes - \$228/Capita; RE Millage 4.75 mills

Revenue \$700/Capita - Exp \$632/Capita

Debt – 4% of Expenditures - \$222/Capita

Pension – Fund ratio 76% - Minimally distressed

High tax burden

Plymouth Twp. – Pop 1,812 - former Act 47 designated – rescinded 5/16

Taxes EIT (2%) 80% of taxes; @277/Capita; RE 1.259 mills

Revenue \$1,864/Capita: Expenditures \$1,705/Capita

Debt -2.5% of Expenditures; \$84/Capita

Pension – No pension

High expenditures P/C

Newport Twp. Population 5,374

Taxes – EIT (1%) 46% of Taxes; \$68/Capita; RE 2.22 mills

Revenue - \$260/Capita; Expenditures - \$279/Capita

Debt – 6% of Expenditures; \$17/Capita

Pension – Fund ratio 145% - Overfunded

Low tax burden; low debt; strong fiscal position

Mercer County – Findley Twp. - Population 2,910

Taxes – EIT (1%) 68% of Taxes; \$46/Capita; RE 1mill

Revenue - \$138/Capita; Expenditures - \$182/Capita

Debt – 6% of Expenditures; \$17/Capita

Pension – Fund ratio 80% - Minimally distressed

Low tax burden, low debt burden

Farrell City – Pop 5,111 –

Act 47 designated municipality

Taxes EIT (2.5%) 52% of taxes; \$250/Capita; RE 27.67 mills

Revenue - \$1,263/Capita; Expenditures - \$1,345/Capita

Debt – 5% of Expenditures; \$719/Capita

Pension – Fund ratio 78% - Minimally distressed

Very High tax burden; Very high expenditures P/C

Greenville Boro – Pop – 5,919

Act 47 designated municipality

Taxes EIT (1%) 29% of taxes; \$92/Capita; RE 24.5 mills

Revenue - \$942/Capita; Expenditures - \$965/Capita

Debt – 5% of Expenditures; \$438/Capita

Pension – Fund ratio 103% - Overfunded

High tax burden; no pension issue; High Exp PC

Waymart, Wayne County – Canaan Twp. - Population 3,963

Taxes – No EIT imposed – RE .5 mills

Revenue - \$58/Capita; Expenditures \$39/Capita

Pensions - No pension funds/liabilities

Debt – 6% of Expenditures; \$4/Capita

Very low RE & LST tax rates – No EIT; Low Debt burden; No pension liabilities

Strong financial position

Waymart Borough, Wayne County Population – 1,341

Taxes – No EIT imposed – RE 2.09 mills

Revenue - \$310/Capita; Expenditures \$232/Capita

Pensions - No pension funds/liabilities

Debt – 3% of Expenditures; \$27/Capita

Low RE tax rate – No EIT; Low Debt burden; No pension liabilities

Strong financial position

Notes:

All LST rates are \$52 with exception of Canaan Twp., which is \$10.

All EIT rates are 1% except Pittsburgh - 3%; Mahanoy City - 2%; Farrell - 2.5%; Nanticoke - 2%; Plymouth Twp. - 2%

Real Estate statutory maximums are 30 mills for Boroughs and 14 mills for Townships.

Act 47 Interagency Priority – though not directly on point, this issue may arise as the intent is to target resources to Act 47 municipalities.

Section 282. Priority.

- (a) General rule.--An eligible municipality shall receive priority in all economic and community development programs funded by the Commonwealth.
- (b) Releases of funds.--Funds granted to a distressed municipality shall only be released upon concurrence by the coordinator or receiver that the program to be funded is consistent with efforts to alleviate the financially distressed status of the municipality as provided in this act. (b) amended Oct. 31, 2014, P.L.2983, No.199)
- (c) Notification.--The secretary, upon making a determination of distress, shall notify all Commonwealth agencies about the municipality's priority status in order to facilitate providing moneys to the municipality. Priority status of more than one eligible municipality shall be based on the date the secretary notifies the agencies.

SCI Frackville Detail

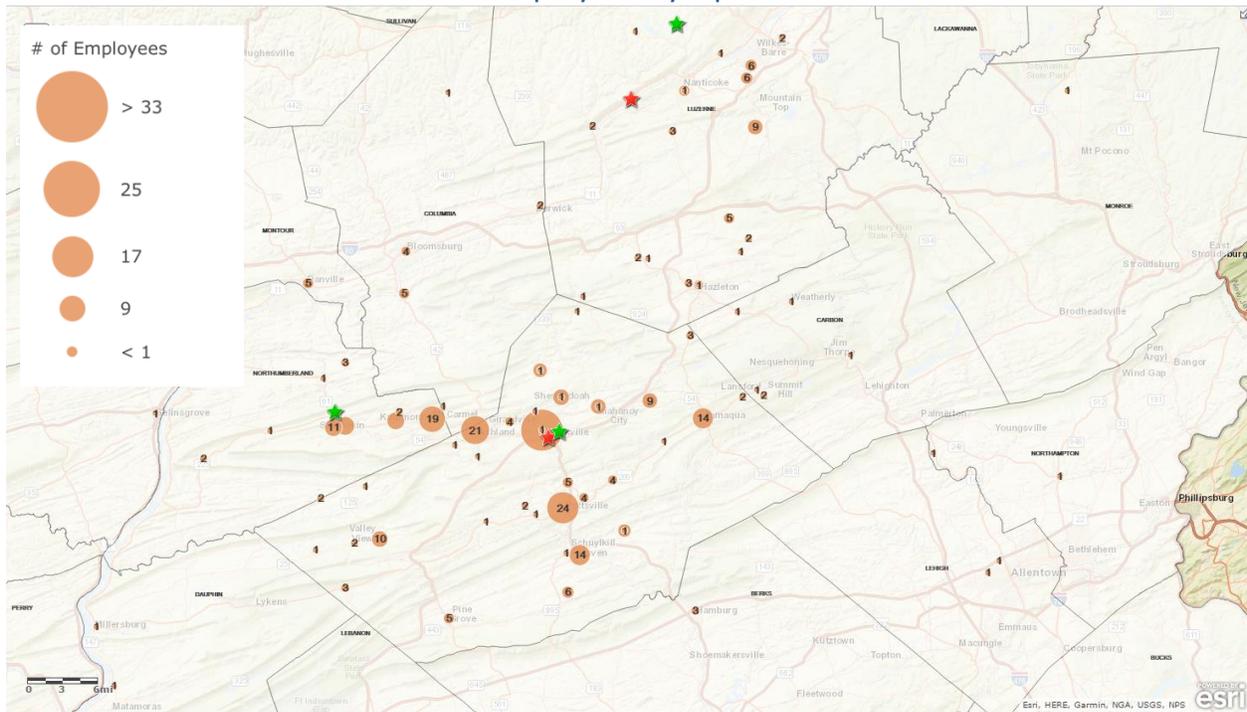
Estimated Economic Impacts to SCI Frackville Area

Initial Effects	Direct Effects (from Loss of Local Prison Spending)	Indirect Effects (From Loss of Local Supply Chain Spending)	Induced Effects (From Loss of Employee Household Spending)	Total
20 Prison Jobs Lost	59 Jobs Lost	3 Jobs Lost	106 Jobs Lost	188 Jobs Lost
\$1,344,357 Prison Salaries Lost	\$1,136,054 Salaries Lost	\$59,762 Salaries Lost	\$4,662,538 Salaries Lost	\$7,202,711 Salaries Lost
\$14,788 Earned Income Tax Lost	\$12,497 Earned Income Tax Lost	\$657 Earned Income Tax Lost	\$51,288 Earned Income Tax Lost	\$79,230 Earned Income Tax Lost

Assumptions and Sources:

- SCI Frackville Impact Area – 31 zip codes within an approximate 35-minute drive time from SCI Frackville
- All workers will be given the opportunity to transfer to a facility within 90 miles of SCI Frackville with the understanding such arrangements may not be feasible in all cases and that based on historic experience with prison closings, the Department of Corrections assumes that 5% of the facility's 409 employees (20 employees) will either opt not to transfer or transfer and move out of the area resulting in a loss of employment in the impact area.
- Direct, Indirect, and Induced effects on jobs and earnings were calculated using the Emsi input-output model (Q1 2017.1 Dataset). The model was run using the NAICS sector for State Government, Excluding Education and Hospitals, which includes prisons.
- Because earnings include salaries and benefits, direct, indirect, and induced effects on salaries was calculated by applying the ratio of wages and salaries to benefits obtained from the U.S. Bureau of Labor Statistics. Private industry wages and salaries in the Northeast U.S. are 66.9% of total compensation (or earnings) as of Q3 2016.
- Initial salaries were obtained from the PA Department of Corrections Facility Analysis 2017.
- Earned Income Tax lost was calculated using a weighted average of tax rates for municipalities with 5 or more prison employees as residents. Tax rates were obtained from PA DCED Municipal Statistics and residence of prison employees was obtained from PA Department of Corrections. The weighted average tax rate for the SCI Frackville Impact Area was calculated to be 1.1%.
- Salaries and Earned Income Tax lost are annual.

SCI Frackville - Current Number of Employees by Zip Code

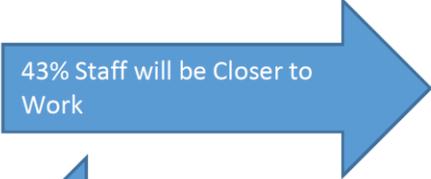
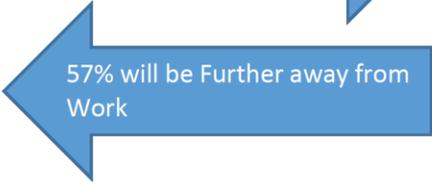


Source: Employees by Zip Code, PA Department of Corrections

Municipalities with 10 or More Prison Employee Residents

Residence Tax Area	# of Prison Employee Residents	Census Population	Total Tax Revenue (\$)	Current EIT Non-Resident Rate	Current Total Resident Rate	EIT Revenue (2015 audit data) (\$)	EIT Revenue as a % of Total Tax Revenue
Frackville Borough* 2014 audit data	21	2,817	902,434	0	1	203,248	22.52%
Butler Township-Schuylkill	18	9,221	2,185,479	1	1.5	1,199,190	54.87%
Mount Carmel Borough	16	5,224	1,540,064	1	1	435,998	28.31%
West Mahanoy Township	14	10,383	2,377,520	1	1	636,006	26.75%
Pottsville	12	3,805	1,208,629	1	1	328,655	27.19%
Coal Township	11	25,340	11,793,810	1.85	2.35	5,927,106	50.26%
Hegins Township	11	3,516	639,194	0.5	1	371,472	58.12%
Kulpmont Borough	10	2,924	538,356	1	1	208,877	38.80%
Schuylkill Haven Borough	10	4,162	1,016,979	0	1	223,071	21.93%
Shamokin	10	5,893	1,436,123	0.5	1	409,622	28.52%

Sources: # of Residents, PA Department of Corrections; Fiscal Data, PA DCED Municipal Statistics

SCI Frackville Staff Commuting Patterns																					
Average Current Driving Time:	34 Minutes	Average New Driving Time:	27 Minutes																		
Minimum Current Driving Time:	5 Minutes	Minimum New Driving Time:	6 Minutes																		
Maximum Current Driving Time:	91 Minutes	Maximum New Driving Time:	74 Minutes																		
		<table border="1"> <thead> <tr> <th colspan="2">Next Closest Prison for Staff:</th> </tr> </thead> <tbody> <tr> <td>SCI Mahanoy</td> <td>59%</td> </tr> <tr> <td>SCI Coal Township</td> <td>20%</td> </tr> <tr> <td>SCI Retreat</td> <td>10%</td> </tr> <tr> <td>SCI Dallas</td> <td>3%</td> </tr> <tr> <td>SCI Graterford</td> <td>3%</td> </tr> <tr> <td>SCI Camp Hill</td> <td>2%</td> </tr> <tr> <td>SCI Muncy</td> <td>2%</td> </tr> <tr> <td>SCI Waymart</td> <td>1%</td> </tr> </tbody> </table>		Next Closest Prison for Staff:		SCI Mahanoy	59%	SCI Coal Township	20%	SCI Retreat	10%	SCI Dallas	3%	SCI Graterford	3%	SCI Camp Hill	2%	SCI Muncy	2%	SCI Waymart	1%
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Source: PA Department of Corrections

SCI Mercer Detail

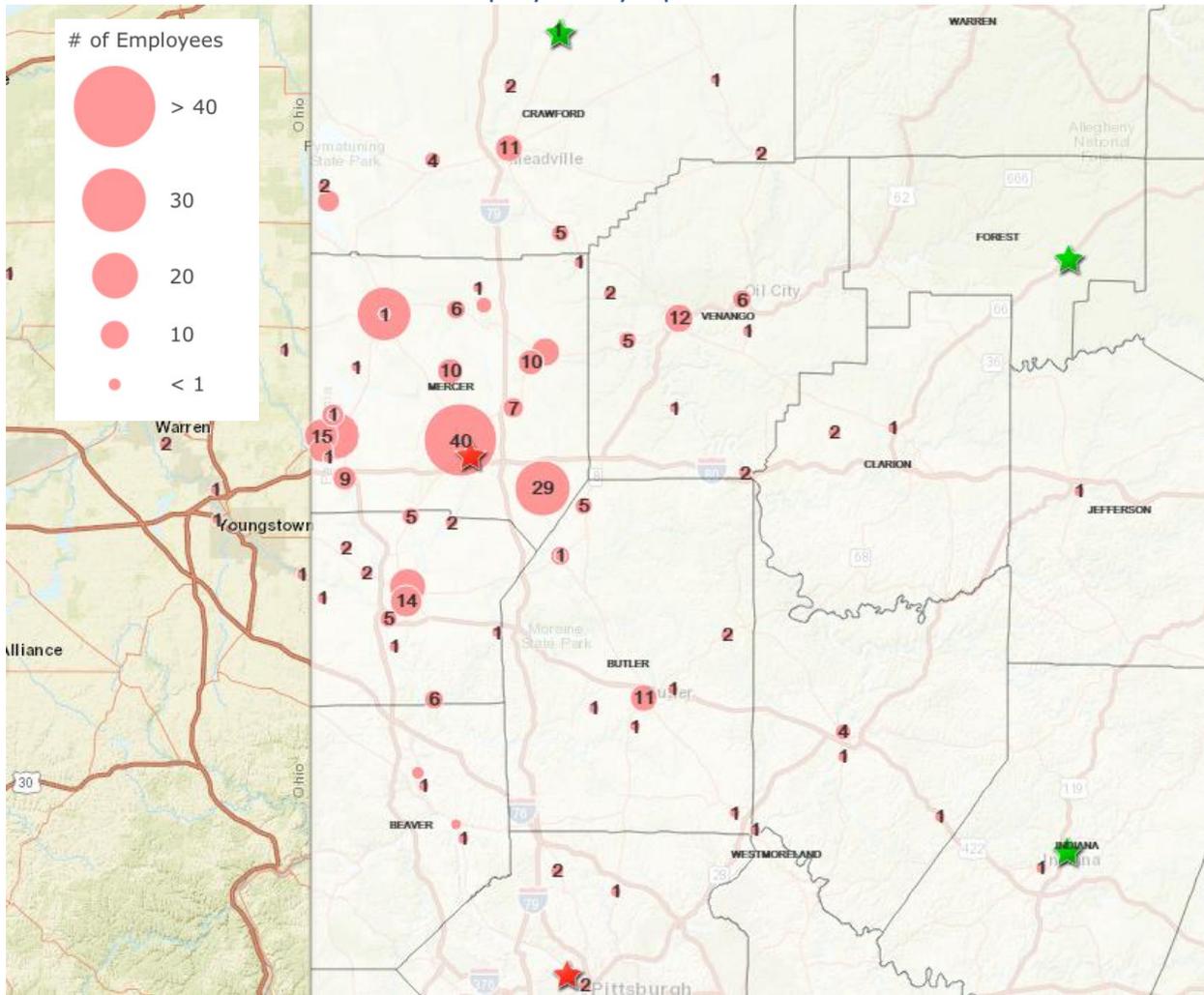
Estimated Economic Impacts to SCI Mercer Area

Initial Effects	Direct Effects (from Loss of Local Prison Spending)	Indirect Effects (From Loss of Local Supply Chain Spending)	Induced Effects (From Loss of Employee Household Spending)	Total
21 Prison Jobs Lost	94 Jobs Lost	9 Jobs Lost	181 Jobs Lost	305 Jobs Lost
\$1,469,665 Prison Salaries Lost	\$2,076,866 Salaries Lost	\$186,730 Salaries Lost	\$6,912,586 Salaries Lost	\$10,645,846 Salaries Lost
\$20,575 Earned Income Tax Lost	\$29,076 Earned Income Tax Lost	\$2,614 Earned Income Tax Lost	\$96,776 Earned Income Tax Lost	\$149,042 Earned Income Tax Lost

Assumptions and Sources:

- SCI Mercer Impact Area – 43 zip codes within an approximate 35-minute drive time from SCI Mercer (excludes zip codes in Ohio)
- All workers will be given the opportunity to transfer to a facility within 90 miles of SCI Mercer with the understanding such arrangements may not be feasible in all cases and that based on historic experience with prison closings, the Department of Corrections assumes that 5% of the facility's 413 employees (21 employees) will either opt not to transfer or transfer and move out of the area resulting in a loss of employment in the impact area.
- Direct, Indirect, and Induced effects on jobs and earnings were calculated using the Emsi input-output model (Q1 2017.1 Dataset). The model was run using the NAICS sector for State Government, Excluding Education and Hospitals, which includes prisons.
- Because earnings include salaries and benefits, direct, indirect, and induced effects on salaries was calculated by applying the ratio of wages and salaries to benefits obtained from the U.S. Bureau of Labor Statistics. Private industry wages and salaries in the Northeast U.S. are 66.9% of total compensation (or earnings) as of Q3 2016.
- Initial salaries were obtained from the PA Department of Corrections Facility Analysis 2017.
- Earned Income Tax lost was calculated using a weighted average of tax rates for municipalities with 5 or more prison employees as residents. Tax rates were obtained from PA DCED Municipal Statistics and residence of prison employees was obtained from PA Department of Corrections. The weighted average tax rate for the SCI Mercer Impact Area was calculated to be 1.4%.
- Salaries and Earned Income Tax lost are annual.

SCI Mercer - Current Number of Employees by Zip Code

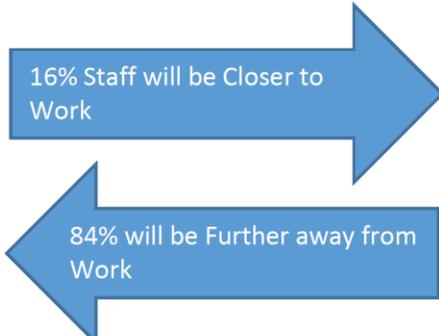


Source: *Employees by Zip Code, PA Department of Corrections*

Municipalities with 10 or More Prison Employee Residents

Residence Tax Area	# of Prison Employee Residents	Census Population	Total Tax Revenue (\$)	Current EIT Non-Resident Rate	Current Total Resident Rate	EIT Revenue (2015 audit data) (\$)	EIT Revenue as a % of Total Tax Revenue
Hermitage	23	16,220	9,352,212	1	2.25	6,719,352	71.85%
Sharon	15	14,038	7,004,099	1	2.25	3,265,619	46.62%
Grove City Borough	13	8,322	1,100,295	1	1	642,760	58.42%
New Castle	12	23,273	15,894,848	2.05	2.15	8,697,057	54.72%
Mercer Borough	10	2,002	894,668	1	1	406,221	45.40%

Sources: # of Residents, PA Department of Corrections; Fiscal Data, PA DCED Municipal Statistics

SCI Mercer Staff Commuting Patterns																	
Average Current Driving Time:	35 Minutes		Average New Driving Time: 59 Minutes														
Minimum Current Driving Time:	7 Minutes		Minimum New Driving Time: 5 Minutes														
Maximum Current Driving Time:	100 Minutes		Maximum New Driving Time: 97 Minutes														
		<table border="1"> <thead> <tr> <th colspan="2">Next Closest Prison for Staff:</th> </tr> </thead> <tbody> <tr> <td>SCI Cambridge Springs</td> <td>69%</td> </tr> <tr> <td>SCI Pittsburgh</td> <td>24%</td> </tr> <tr> <td>SCI Forest</td> <td>3%</td> </tr> <tr> <td>SCI Albion</td> <td>2%</td> </tr> <tr> <td>SCI Pine Grove</td> <td>1%</td> </tr> <tr> <td>SCI Huntingdon</td> <td>1%</td> </tr> </tbody> </table>		Next Closest Prison for Staff:		SCI Cambridge Springs	69%	SCI Pittsburgh	24%	SCI Forest	3%	SCI Albion	2%	SCI Pine Grove	1%	SCI Huntingdon	1%
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Source: PA Department of Corrections

SCI Pittsburgh Detail

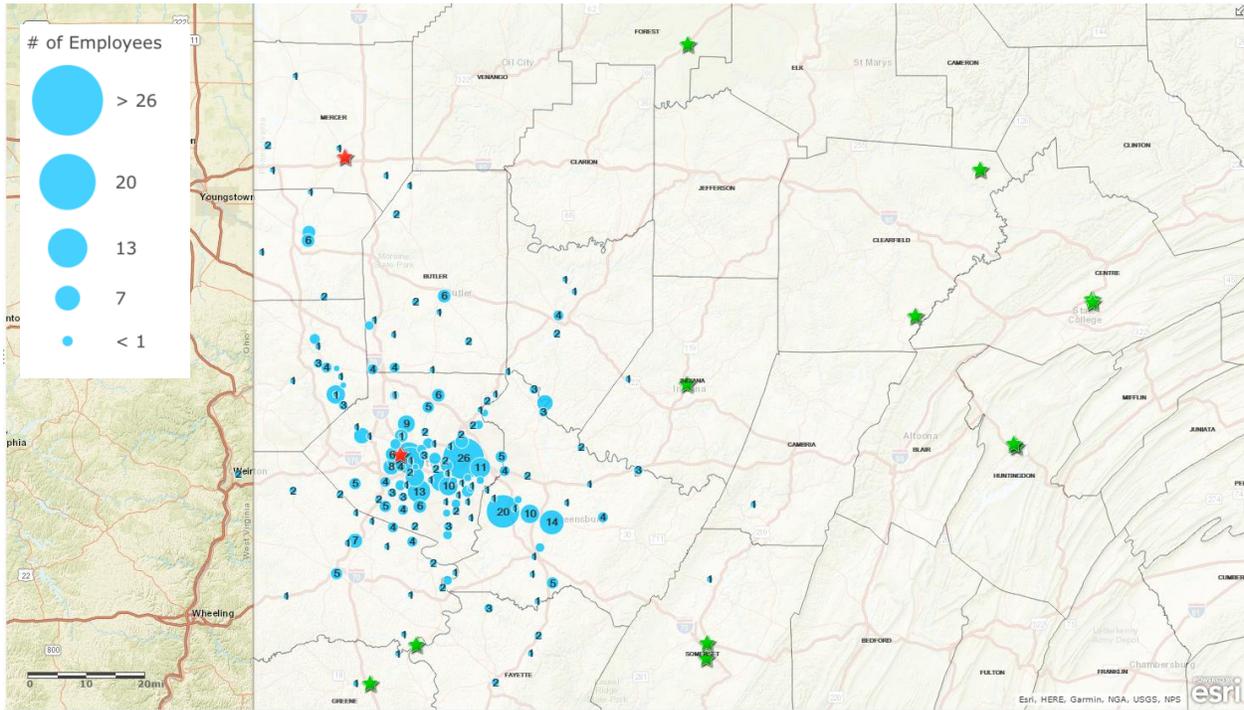
Estimated Economic Impacts to SCI Pittsburgh Area

Initial Effects	Direct Effects (from Loss of Local Prison Spending)	Indirect Effects (From Loss of Local Supply Chain Spending)	Induced Effects (From Loss of Employee Household Spending)	Total
28 Prison Jobs Lost	297 Jobs Lost	89 Jobs Lost	823 Jobs Lost	1,237 Jobs Lost
\$2,183,242 Prison Salaries Lost	\$9,685,438 Salaries Lost	\$2,890,061 Salaries Lost	\$22,339,617 Salaries Lost	\$37,098,357 Salaries Lost
\$30,565 Earned Income Tax Lost	\$135,596 Earned Income Tax Lost	\$40,461 Earned Income Tax Lost	\$312,755 Earned Income Tax Lost	\$519,377 Earned Income Tax Lost

Assumptions and Sources:

- SCI Pittsburgh Impact Area – 43 zip codes within an approximate 35-minute drive time from SCI Pittsburgh (excludes zip codes in Ohio)
- All workers will be given the opportunity to transfer to a facility within 90 miles of SCI Pittsburgh with the understanding such arrangements may not be feasible in all cases and that based on historic experience with prison closings, the Department of Corrections assumes that 5% of the facility's 555 employees (28 employees) will either opt not to transfer or transfer and move out of the area resulting in a loss of employment in the impact area.
- Direct, Indirect, and Induced effects on jobs and earnings were calculated using the Emsi input-output model (Q1 2017.1 Dataset). The model was run using the NAICS sector for State Government, Excluding Education and Hospitals, which includes prisons.
- Because earnings include salaries and benefits, direct, indirect, and induced effects on salaries was calculated by applying the ratio of wages and salaries to benefits obtained from the U.S. Bureau of Labor Statistics. Private industry wages and salaries in the Northeast U.S. are 66.9% of total compensation (or earnings) as of Q3 2016.
- Initial salaries were obtained from the PA Department of Corrections Facility Analysis 2017.
- Earned Income Tax lost was calculated using a weighted average of tax rates for municipalities with 5 or more prison employees as residents. Tax rates were obtained from PA DCED Municipal Statistics and residence of prison employees was obtained from PA Department of Corrections. The weighted average tax rate for the SCI Pittsburgh Impact Area was calculated to be 1.4%.
- Salaries and Earned Income Tax lost are annual.

SCI Pittsburgh- Current Number of Employees by Zip Code

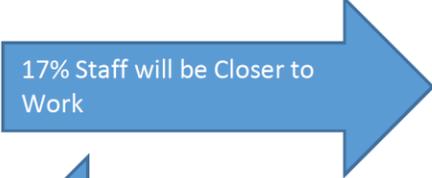
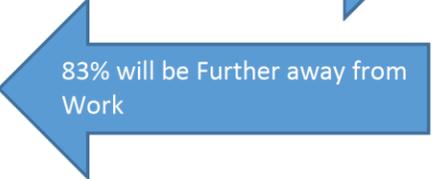


Source: Employees by Zip Code, PA Department of Corrections

Municipalities with 10 or More Prison Employee Residents

Residence Tax Area	# of Prison Employee Residents	Census Population	Total Tax Revenue (\$)	Current EIT Non-Resident Rate	Current Total Resident Rate	EIT Revenue (2015 audit data) (\$)	EIT Revenue as a % of Total Tax Revenue
Pittsburgh City - Pittsburgh SD	37	305,704	\$429,409,537	1	1.5	\$88,904,431	20.70%
Penn Hills Township	18	42,329	\$22,721,822	1	1.75	\$10,579,256	46.56%
Ross Township-Allegheny	11	31,105	\$14,499,483	0	1	\$4,681,698	32.29%

Sources: # of Residents, PA Department of Corrections; Fiscal Data, PA DCED Municipal Statistics

SCI Pittsburgh Staff Commuting Patterns															
Average Current Driving Time:	31 Minutes		Average New Driving Time:	54 Minutes											
Minimum Current Driving Time:	4 Minutes		Minimum New Driving Time:	6 Minutes											
Maximum Current Driving Time:	98 Minutes		Maximum New Driving Time:	76 Minutes											
															
															
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Source: PA Department of Corrections

SCI Retreat Detail

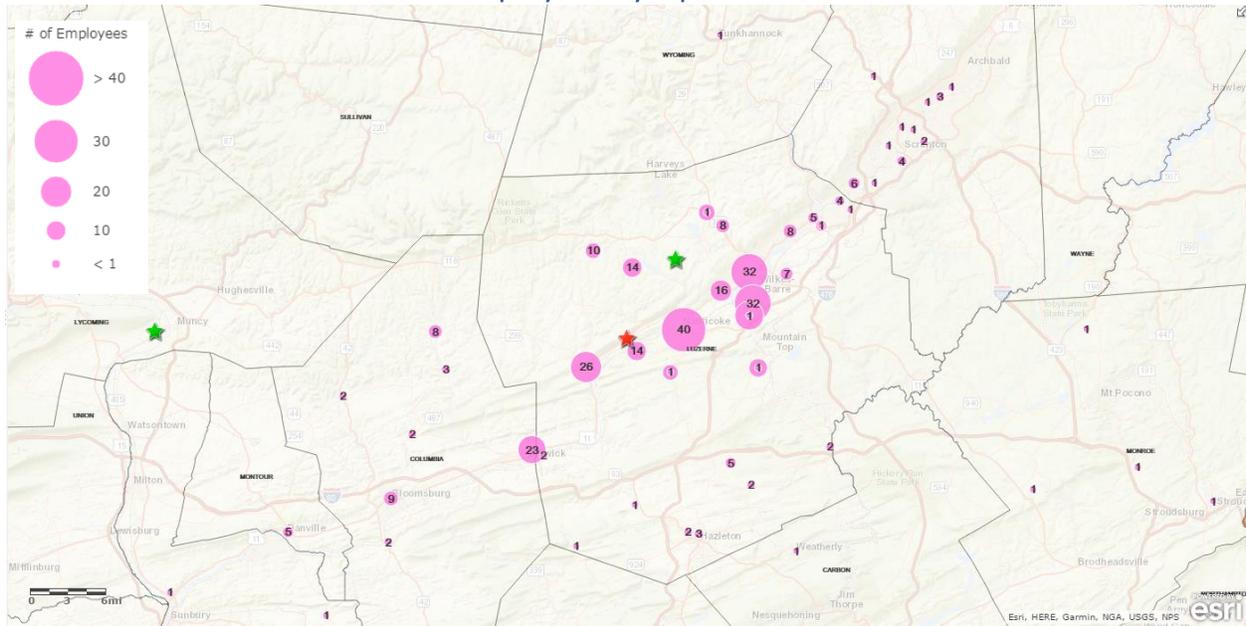
Estimated Economic Impacts to SCI Retreat Area

Initial Effects	Direct Effects (from Loss of Local Prison Spending)	Indirect Effects (From Loss of Local Supply Chain Spending)	Induced Effects (From Loss of Employee Household Spending)	Total
20 Prison Jobs Lost	121 Jobs Lost	14 Jobs Lost	203 Jobs Lost	358 Jobs Lost
\$1,359,308 Prison Salaries Lost	\$2,822,603 Salaries Lost	\$306,053 Salaries Lost	\$5,944,134 Salaries Lost	\$10,432,099 Salaries Lost
\$20,390 Earned Income Tax Lost	\$42,339 Earned Income Tax Lost	\$4,591 Earned Income Tax Lost	\$89,162 Earned Income Tax Lost	\$156,481 Earned Income Tax Lost

Assumptions and Sources:

- SCI Retreat Impact Area – 45 zip codes within an approximate 35-minute drive time from SCI Retreat
- All workers will be given the opportunity to transfer to a facility within 90 miles of SCI Retreat with the understanding such arrangements may not be feasible in all cases and that based on historic experience with prison closings, the Department of Corrections assumes that 5% of the facility's 400 employees (20 employees) will either opt not to transfer or transfer and move out of the area resulting in a loss of employment in the impact area.
- Direct, Indirect, and Induced effects on jobs and earnings were calculated using the Emsi input-output model (Q1 2017.1 Dataset). The model was run using the NAICS sector for State Government, Excluding Education and Hospitals, which includes prisons.
- Because earnings include salaries and benefits, direct, indirect, and induced effects on salaries was calculated by applying the ratio of wages and salaries to benefits obtained from the U.S. Bureau of Labor Statistics. Private industry wages and salaries in the Northeast U.S. are 66.9% of total compensation (or earnings) as of Q3 2016.
- Initial salaries were obtained from the PA Department of Corrections Facility Analysis 2017.
- Earned Income Tax lost was calculated using a weighted average of tax rates for municipalities with 5 or more prison employees as residents. Tax rates were obtained from PA DCED Municipal Statistics and residence of prison employees was obtained from PA Department of Corrections. The weighted average tax rate for the SCI Retreat Impact Area was calculated to be 1.5%.
- Salaries and Earned Income Tax lost are annual.

SCI Retreat- Current Number of Employees by Zip Code

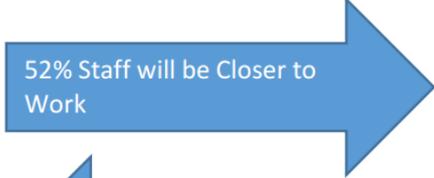
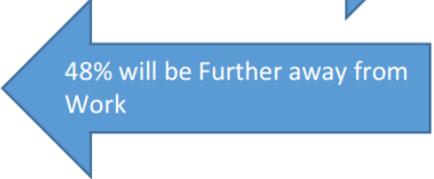


Source: Employees by Zip Code, PA Department of Corrections

Municipalities with 10 or More Prison Employee Residents

Residence Tax Area	# of Prison Employee Residents	Census Population	Total Tax Revenue (\$)	Current EIT Non-Resident Rate	Current Total Resident Rate	EIT Revenue (2015 audit data) (\$)	EIT Revenue as a % of Total Tax Revenue
Wilkes Barre	28	41,498	27,535,217	1	3	12,630,752	45.87%
Nanticoke* 2014 audit data	27	10,465	4,500,384	1	2	2,386,340	53.03%
Newport Township	24	5,374	790,172	0.5	1	365,235	46.22%
Hanover Township-Luzerne	17	11,076	5,827,435	1	1	1,066,155	18.30%
Berwick Borough	15	10,477	2,934,395	1	1	853,286	29.08%
Union Township-Luzerne	12	2,042	310,784	1	1	231,650	74.54%
Kingston Borough	11	13,182	5,616,035	1	2.1	3,914,077	69.69%
Larksville Borough	10	4,480	1,112,557	1	1	422,328	37.96%

Sources: # of Residents, PA Department of Corrections; Fiscal Data, PA DCED Municipal Statistics

SCI Retreat Staff Commuting Patterns																	
Average Current Driving Time:	28 Minutes		Average New Driving Time: 27 Minutes														
Minimum Current Driving Time:	12 Minutes		Minimum New Driving Time: 11 Minutes														
Maximum Current Driving Time:	105 Minutes		Maximum New Driving Time: 96 Minutes														
		<table border="1"> <thead> <tr> <th colspan="2">Next Closest Prison for Staff:</th> </tr> </thead> <tbody> <tr> <td>SCI Dallas</td> <td>84%</td> </tr> <tr> <td>SCI Waymart</td> <td>5%</td> </tr> <tr> <td>SCI Frackville</td> <td>5%</td> </tr> <tr> <td>SCI Muncy</td> <td>4%</td> </tr> <tr> <td>SCI Graterford</td> <td>1%</td> </tr> <tr> <td>SCI Coal Township</td> <td>1%</td> </tr> </tbody> </table>		Next Closest Prison for Staff:		SCI Dallas	84%	SCI Waymart	5%	SCI Frackville	5%	SCI Muncy	4%	SCI Graterford	1%	SCI Coal Township	1%
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Source: PA Department of Corrections

SCI Waymart Detail

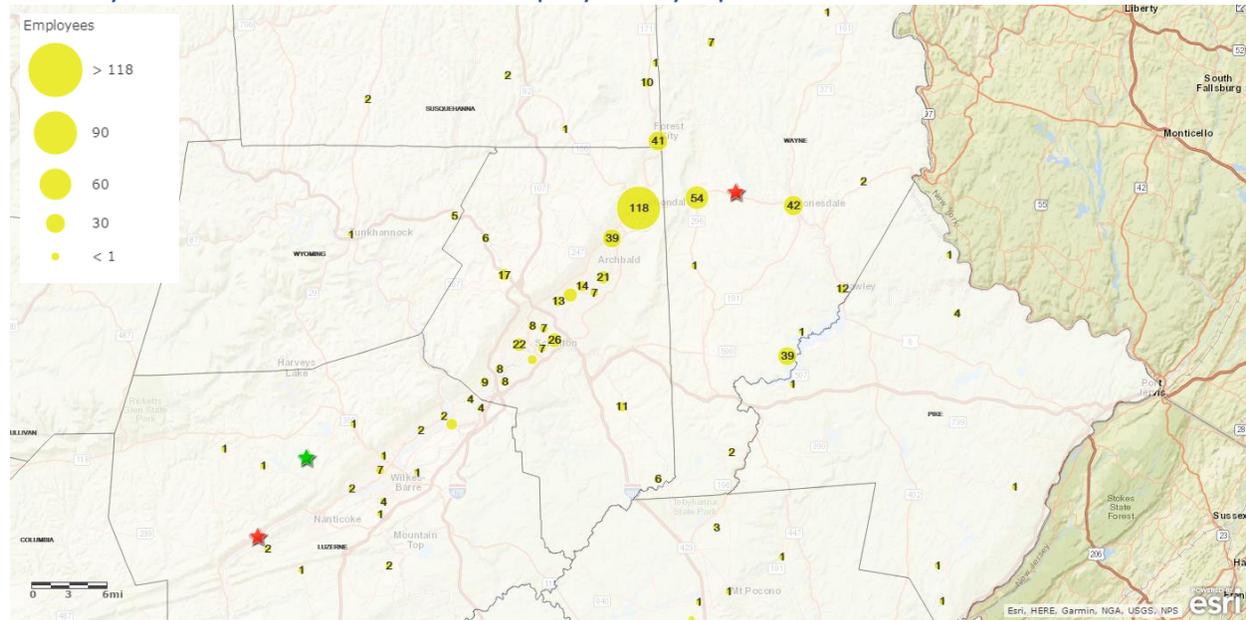
Estimated Economic Impacts to SCI Waymart Area

Initial Effects	Direct Effects (from Loss of Local Prison Spending)	Indirect Effects (From Loss of Local Supply Chain Spending)	Induced Effects (From Loss of Employee Household Spending)	Total
35 Prison Jobs Lost	156 Jobs Lost	17 Jobs Lost	330 Jobs Lost	538 Jobs Lost
\$2,313,151 Prison Salaries Lost	\$3,542,512 Salaries Lost	\$356,273 Salaries Lost	\$13,560,582 Salaries Lost	\$19,772,518 Salaries Lost
\$46,263 Earned Income Tax Lost	\$70,850 Earned Income Tax Lost	\$7,125 Earned Income Tax Lost	\$271,212 Earned Income Tax Lost	\$395,450 Earned Income Tax Lost

Assumptions and Sources:

- SCI Waymart Impact Area – 54 zip codes within an approximate 35-minute drive time from SCI Waymart
- All workers will be given the opportunity to transfer to a facility within 90 miles of SCI Retreat with the understanding such arrangements may not be feasible in all cases and that based on historic experience with prison closings, the Department of Corrections assumes that 5% of the facility's 706 employees (35 employees) will either opt not to transfer or transfer and move out of the area resulting in a loss of employment in the impact area.
- Direct, Indirect, and Induced effects on jobs and earnings were calculated using the Emsi input-output model (Q1 2017.1 Dataset). The model was run using the NAICS sector for State Government, Excluding Education and Hospitals, which includes prisons.
- Because earnings include salaries and benefits, direct, indirect, and induced effects on salaries was calculated by applying the ratio of wages and salaries to benefits obtained from the U.S. Bureau of Labor Statistics. Private industry wages and salaries in the Northeast U.S. are 66.9% of total compensation (or earnings) as of Q3 2016.
- Initial salaries were obtained from the PA Department of Corrections Facility Analysis 2017.
- Earned Income Tax lost was calculated using a weighted average of tax rates for municipalities with 5 or more prison employees as residents. Tax rates were obtained from PA DCED Municipal Statistics and residence of prison employees was obtained from PA Department of Corrections. The weighted average tax rate for the SCI Waymart Impact Area was calculated to be 1.5%.
- Salaries and Earned Income Tax lost are annual.

SCI Waymart - Current Number of Employees by Zip Code

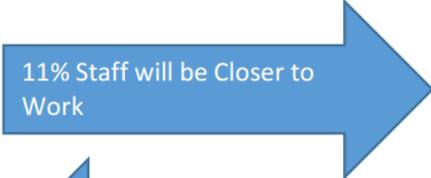
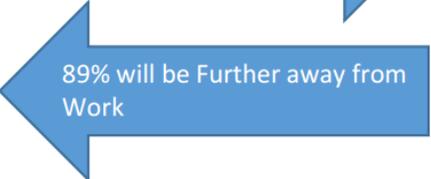


Source: Employees by Zip Code, PA Department of Corrections

Municipalities with 10 or More Prison Employee Residents

Residence Tax Area	# of Prison Employee Residents	Census Population	Total Tax Revenue (\$)	Current Non-Resident Rate	Current Total Resident Rate	EIT Revenue (2015 audit data) (\$)	EIT Revenue as a % of Total Tax Revenue
Carbondale	60	6,984	\$2,293,626	1	1	\$883,938	38.54%
Scranton	51	2,578	\$320,700	0	0	\$0	0.00%
Fell Township	27	6,564	\$740,352	0.5	1	\$625,080	84.43%
Waymart Borough	24	3,963	\$61,603	0	0	\$0	0.00%
Carbondale Township	23	8,891	\$3,353,516	1	2.2	\$1,971,049	58.78%
Archbald Borough	22	1,115	\$238,686	0	1	\$120,562	50.51%
Dunmore Borough	19	2,053	\$150,736	0	0.5	\$0	0.00%
Mayfield Borough	19	2,053	\$150,736	0	0	\$0	0.00%
Blakely Borough	18	20,564	\$6,389,540	1	1	\$1,457,586	22.81%
Honesdale Borough	18	6,070	\$3,813,732	0.5	1	\$642,123	16.84%
South Canaan Township	17	14,057	\$6,268,187	1	1	\$1,783,245	28.45%
Dickson City Borough	16	1,401	\$142,092	0	0	\$0	0.00%
Forest City Borough	15	2,178	\$453,568	1	1	\$260,140	57.35%
Greenfield Township-Lackawanna	14	1,911	\$523,526	0.5	1	\$133,095	25.42%
Jefferson Township-Lackawanna	13	2,105	\$567,080	0.5	1	\$263,887	46.53%
Lake Township-Wayne	13	713	\$155,022	0	1	\$55,964	36.10%
Throop Borough	12	4,480	\$1,775,549	0	0	\$0	0.00%
Salem Township-Wayne	11	3,731	\$951,984	0	1	\$430,437	45.21%
Clinton Township-Wayne-Forest City SD	10	2,169	\$528,772	1	1	\$214,833	40.63%
Clinton Township-Wayne-Western Wayne SD	10	4,676	\$1,549,776	1	1	\$551,938	35.61%
Jermyn Borough	10	5,269	\$889,593	0.5	0.5	\$391,722	44.03%
Olyphant Borough	10	1,807	\$545,648	0	1	\$178,092	32.64%
Carbondale	60	6,984	\$2,293,626	1	1	\$883,938	38.54%

Sources: # of Residents, PA Department of Corrections; Fiscal Data, PA DCED Municipal Statistics

SCI Waymart Staff Commuting Patterns													
Average Current Driving Time:	30 Minutes		Average New Driving Time: 61 Minutes										
Minimum Current Driving Time:	7 Minutes		Minimum New Driving Time: 11 Minutes										
Maximum Current Driving Time:	151 Minutes		Maximum New Driving Time: 123 Minutes										
		<table border="1"> <thead> <tr> <th colspan="2">Next Closest Prison for Staff:</th> </tr> </thead> <tbody> <tr> <td>SCI Retreat</td> <td>91%</td> </tr> <tr> <td>SCI Dallas</td> <td>7%</td> </tr> <tr> <td>SCI Frackville</td> <td>1%</td> </tr> <tr> <td>SCI Graterford</td> <td>1%</td> </tr> </tbody> </table>		Next Closest Prison for Staff:		SCI Retreat	91%	SCI Dallas	7%	SCI Frackville	1%	SCI Graterford	1%
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Source: PA Department of Corrections

Detailed Fiscal Data From DCED's Municipal Statistics

Prison	County	Located in: Municipality	Address of the prison lies on or near a boundary line	Act 47 Communities Impacted	Act 47 Recent Recissions	Population (2010 Census)	Revenues (2015 audit data)	Revenue Per Capita	Total Tax Revenue	Expenditures (2015 audit data)	Expenditures Per Capita	Debt Svc Payments (2015 audit data)	Net Long Term Debt (2015 audit data)	Debt Per Capita	Current EIT Non-Resident Rate (%)	Current EIT Total Resident Rate (%)	EIT Revenue (2015 audit data)	EIT Revenue as a % of Total Tax Revenue	EIT Revenue Per Capita	Current Total LST Rate (\$)	LST Revenue (2015 audit data)	General Purpose Real Estate Rate (mills)	General Purpose Real Estate Rate Cap (mills)	Pension Fund Ratio (from 2016 Act 205 Distress Scores)	Pension Fund Distress Level (from 2016 Act 205 Distress Scores)
Pittsburgh SCI	Allegheny	Pittsburgh City				305,704	688,136,050	2250.99	429,409,537	700,712,050	2,292.13	89,024,016	1,050,924,942	3,437.72	1	3	88,904,431	20.70%	291	52	13,984,597	8.06	no limit	57	Moderately Distressed
Frackville SCI	Schuylkill	West Mahanoy Twp				2,872	1,551,724	540.29	808,969	1,328,371	462.52	52,597	6,884,241	2,397.02	1	1	241,010	29.79%	84	52	48,756	5.9	14	80	Minimally Distressed
		Ryan Twp				2,459	585,674	238.18	324,950	549,549	223.48	0	0	0.00	1	1	158,588	48.80%	64	52	22,961	3.5	14	xx	xx
		New Castle Twp*				414	251,305	607.02	194,988	185,218	447.39	0	0	0.00	0.5	1	29,182	14.97%	70	52	18,077	11.5	14	118	Not Distressed
		Frackville Boro (2014 data)				3,805	2,066,171	543.01	1,208,629	2,102,214	552.49	145,857	536,305	140.95	1	1	328,655	27.19%	86	52	36,555	17.08	30	100	Not Distressed DC
		Shenandoah Boro (2014 data)				5,071	3,194,445	629.94	1,053,337	3,256,252	642.13	471,152	1,830,000	360.88	1	1	244,576	23.22%	48	52	49,681	27	30	81	Minimally Distressed
		Mahanoy City Boro				4,162	2,810,229	675.21	808,969	2,790,626	670.50	425,171	699,248	168.01	1	2	223,071	27.57%	54	52	13,395	23.9	30	72	Minimally Distressed
Mercer County SCI	Mercer	Findley Twp				2,910	402,899	138.45	195,495	531,749	182.73	31,727	48,991	16.84	1	1	133,682	68.38%	46	52	29,745	1	14	80	Minimally Distressed
		Farrell City				5,111	6,454,193	1262.80	2,459,151	6,875,836	1,345.30	338,518	3,672,806	718.61	1.8	2.5	1,277,937	51.97%	250	52	95,879	27.67	30	78	Minimally Distressed
		Greenville Borough				5,919	5,572,820	941.51	1,874,965	5,712,063	965.04	262,824	2,594,565	438.35	1	1	541,967	28.91%	92	52	111,638	24.5	30	103	Not Distressed
Retreat SCI	Luzerne	Hunlock Twp				2,443	809,922	331.53	340,936	505,753	207.02	0	123,119	50.40	1	1	234,054	68.65%	96	52	7,560	0.75	14	88	Minimally Distressed
		Newport Twp				5,374	1,394,795	259.55	791,084	1,496,922	278.55	17,470	25,511	4.75	0.5	1	365,235	46.17%	68	52	31,767	2.22	30	145	Not Distressed
		Nanticoke City**				10,465	7,324,289	699.88	4,500,384	6,617,661	632.36	264,869	2,325,135	222.18	1	2	2,386,340	53.03%	228	52	79,637	4.7514	30	76	Minimally Distressed
		Plymouth Twp				1,812	3,377,272	1863.84	626,758	3,089,735	1,705.15	76,500	153,000	84.44	1.4	2	502,233	80.13%	277	52	3,039	1.259	14	xx	xx
Waymart SCI	Wayne	Canaan Twp				3,963	228,285	57.60	61,603	152,721	38.54	9,033	14,427	3.64	0	0	0	0.00%	0	10	13,542	0.5	14	xx	xx
		Waymart Borough				1,341	415,492	310	200,426	311,622	232	9,475	35,610	27	0	0	0	0.00%	0	52	23,153	2.09	30	xx	xx

*New Castle Twp - latest financial data submitted to DCED-2012 Annual Report

**Nanticoke City - latest financial data submitted to DCED-2014 Annual Report