

A REPORT OF THE ECONOMIC IMPACT OF SCI MERCER IN MERCER COUNTY, PA

January 22, 2017

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PURPOSE &
LIMITATIONS

This report presents the results of an analysis undertaken by Impact DataSource, an Austin, TX based economic consulting firm.

The analysis relies on data from the State of Pennsylvania as well as estimates, assumptions, and other information developed by Impact DataSource from its independent research effort.

CONTENTS

Executive Summary	
Overview.....	4
Operations Impact	
Facility Operations.....	8
Fiscal Impact Summary.....	9
Methodology	
Overview of Methodology	11
About Impact DataSource.....	13
Appendix	
Impact Calculations.....	14

Study Highlights

- This report presents the potential negative impact of the closure of SCI Mercer.
- SCI Mercer is at risk of being closed by the Pennsylvania Department of Corrections. The facility employs 413 total workers of which 221 reside in Mercer County.
- Although individual workers would be offered other jobs within the department, the closure of SCI Mercer would have a \$93.8 million negative impact on Mercer County's economy and put at risk up to \$1.0 million in local tax revenues.
- Through indirect and induced economic impacts, the facility supports nearly 1 additional job in the county for each direct worker employed by the SCI Mercer.
- If SCI Mercer were closed, local retail spending is estimated to fall by approximately \$12.3 million per year, hurting small businesses and other retailers in the county.

Overview

This report presents the detailed results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting firm that specializes in economic and fiscal impact analysis. The purpose of the analysis was to estimate the value of the Mercer State Correctional Institution (SCI Mercer) in Mercer County, Pennsylvania.

According to a statement from the Pennsylvania Department of Corrections, SCI Mercer is one of five prisons that are under consideration for closure.

Department of Corrections Secretary John Wetzel announced on January 6, 2017, that the DOC will close two state prisons in 2017 and reduce by nearly half the capacity of community corrections facilities.

There are five prisons under consideration for closing including: SCI Frackville (Schuylkill County), SCI Pittsburgh (Allegheny County), SCI Mercer (Mercer County), SCI Retreat (Luzerne County) and SCI Waymart (Wayne County).

The target date for closure of both facilities is June 30, 2017.

This will impact more than 800 staff members and several thousand inmates.

Every affected employee will be offered a position within the department. The DOC's Human Resources staff will provide informational meetings to assist employees who are impacted by these closures.

Inmates will be transferred to other facilities, based on treatment, programming and security needs. The DOC will announce on January 26, 2017, which two facilities will be closed.

Source: <http://www.cor.pa.gov/Pages/Prison-Closures.aspx#.WITp91MrLIU>

The SCI Mercer facility employs 413 workers in Mercer County and has an operating budget of more than \$60.0 million. Through the spin-off economic impact of the facility's spending and the spending by workers employed by SCI Mercer, the total economic impact of the facility is even larger. Although the Pennsylvania Department of Corrections plans to offer positions to affected employees so that workers will not lose their jobs, the disruption caused by the closure of SCI Mercer will still have a significant impact on the Mercer County economy. The negative impact of the facility closure will not only be felt by local businesses and workers but also local governments which will likely see a reduction in local tax revenue, including earned income taxes.

SCI Mercer, through its operating expenditures and the spending of workers, produces significant economic benefits in Mercer County which will cease to exist if the facility is closed. This negative impact on Mercer County will persist even if workers are transferred to other positions within Pennsylvania. This study seeks to describe and estimate the economic impacts resulting from the many ways SCI Mercer positively affects the local economy.

Methodology

The economic impact of SCI Mercer, like all economic impacts, is derived from expenditures. SCI Mercer's impact stems from its direct expenditures in the county and its direct employment of workers at the facility.

Direct Economic Impacts

Operational data and estimates provided in the Facility Analysis Matrix 2017 serve as the basis for the calculations in this impact analysis. The facility's operating budget, employment, and payroll represent the direct economic impact of the prison.

Spin-off Economic Impacts

The total economic impact supported by SCI Mercer in the county includes the direct as well as spin-off activity. The facility's direct economic activity ripples through the economy and supports spin-off economic activity in the form of indirect and induced impacts. Indirect impacts reflect economic activity resulting from the business-to-business expenditures initiated by facility spending. Induced impacts refer to the consumer-to-business expenditures initiated by workers that spend a portion of their earnings on goods and services in the economy.

Economic Impacts Defined

The economic impact of SCI Mercer was measured in common measures of economic activity including employment, workers' earnings, economic output, and value added. Employment consists of a count of jobs that include both full-time and part-time workers. Workers' earnings consist of wages and salaries, employer-provided benefits, and proprietors' income. Economic output is gross output and is the sum of the intermediate inputs and final use. This is a duplicative total in that goods and services will be counted multiple times if they are used in the production of other goods and services. Economic output can be thought of as the value of goods and services sold in the economy or revenues for businesses in the economy. Value added is defined as the value of gross output less intermediate inputs and represents the contribution to gross regional product.

The economic impact estimates in this report are calculated using the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis.

Annual Operations

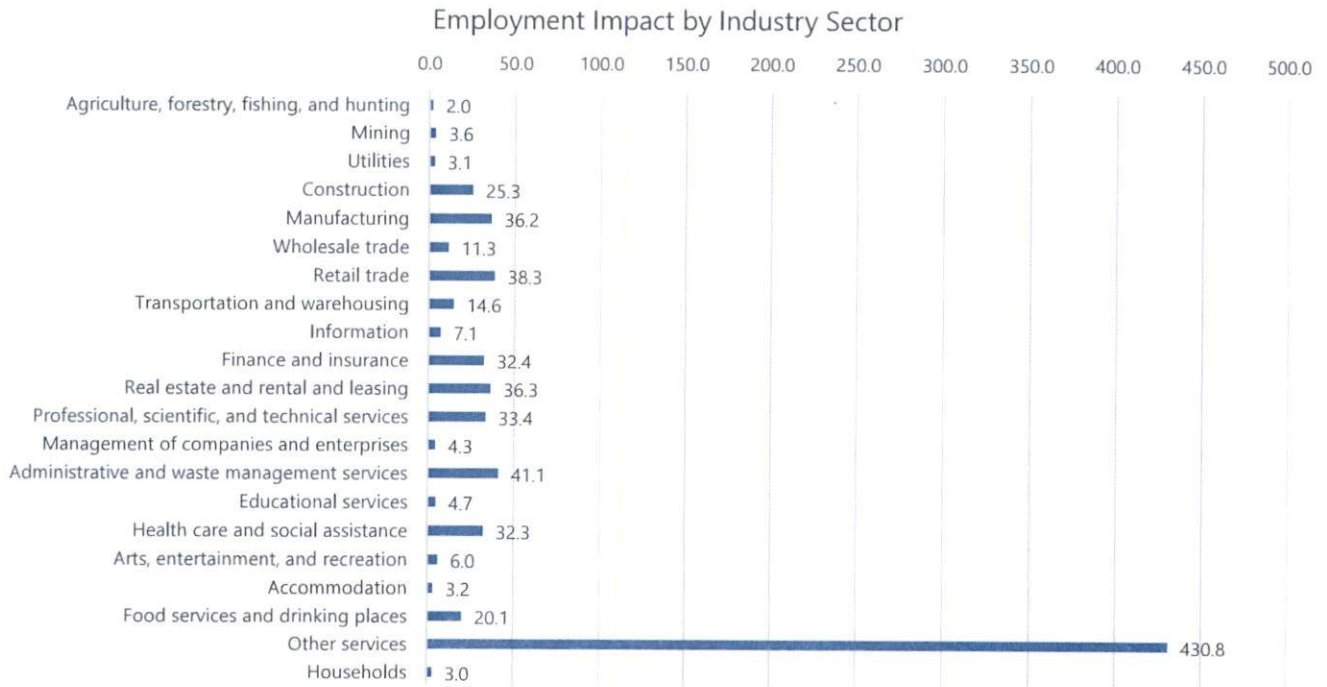
SCI Mercer Economic Impact

In total, the operational expenditures related to SCI Mercer support \$93.9 million of economic output in Mercer County. Additionally, this economic activity supports 789 jobs and \$81.7 million in workers' earnings annually. All of this economic activity contributes \$47.4 million in gross area product or value added to the regional economy. The table below shows the value of SCI Mercer to the county which also represents the negative economic impact if SCI Mercer were to be closed.

Table 1. Annual Economic Impact of SCI Mercer

	Annual Impact
Economic Output:	
Direct	\$60,443,000
Indirect & Induced	\$33,412,890
<u>Total Economic Output</u>	<u>\$93,855,890</u>
Value Added:	
<u>Total Value Added</u>	<u>\$47,381,070</u>
Jobs:	
Direct	413.0
Indirect & Induced	375.9
<u>Total Jobs</u>	<u>788.9</u>
Workers' Earnings:	
Direct	\$51,558,000
Indirect & Induced	\$30,146,994
<u>Total Household Earnings</u>	<u>\$81,704,994</u>

The economic impact of SCI Mercer affects industries throughout the economy, not just the government sector. The following chart presents a graphical illustration of the total value added by industry that would be lost if SCI Mercer were to close. In total, the facility supports 788.9 jobs in the county. As expected, the sector seeing the largest employment impact is the "Other Services" sector, inclusive of the prison's activity. Other stand-out sectors that would be negatively impacted by the facility's closure include administrative services, real estate, and retail trade.



The table below provides additional detail on the economic impacts by industry sector.

Table 2. Total Economic Impact by Industry Sector

Industry Sector	Employment	Household Earnings	Economic Output	Value Added
Agriculture, forestry, fishing, and hunting	2.0	\$70,953	\$128,139	\$82,758
Mining	3.6	\$307,461	\$435,190	\$362,560
Utilities	3.1	\$654,341	\$1,061,379	\$969,454
Construction	25.3	\$2,506,994	\$2,088,910	\$1,698,515
Manufacturing	36.2	\$3,634,353	\$5,788,022	\$3,286,685
Wholesale trade	11.3	\$1,537,307	\$1,540,088	\$1,694,574
Retail trade	38.3	\$1,892,071	\$1,726,252	\$1,844,327
Transportation and warehousing	14.6	\$1,363,868	\$1,361,176	\$1,060,094
Information	7.1	\$851,432	\$1,295,898	\$1,138,911
Finance and insurance	32.4	\$3,240,171	\$3,778,896	\$3,791,116
Real estate and rental and leasing	36.3	\$938,152	\$3,810,327	\$4,610,817
Professional, scientific, and technical services	33.4	\$4,399,064	\$3,259,087	\$3,515,255
Management of companies and enterprises	4.3	\$859,315	\$660,038	\$666,007
Administrative and waste management services	41.1	\$1,931,489	\$1,566,683	\$1,639,402
Educational services	4.7	\$315,345	\$236,937	\$220,689
Health care and social assistance	32.3	\$2,987,895	\$2,001,872	\$1,998,021
Arts, entertainment, and recreation	6.0	\$252,276	\$220,013	\$220,689
Accommodation	3.2	\$157,673	\$169,240	\$177,339
Food services and drinking places	20.1	\$654,341	\$645,531	\$547,781
Other services	430.8	\$53,087,424	\$62,082,214	\$17,824,551
Households	3.0	\$63,069	\$0	\$31,527
Total	788.9	\$81,704,994	\$93,855,890	\$47,381,070

SCI Mercer Annual Fiscal Impact

The economic impact of SCI Mercer supports local taxes that are at risk if the facility were to close. Earned income taxes are collected on taxable workers earnings. Property taxes are collected on residential property owned or occupied by workers supported by SCI Mercer's economic activity.

Table 3. Annual Fiscal Impact of SCI Mercer

	Income Taxes	Property Taxes	Total
Findley Township & other Municipalities	\$168,517	\$8,207	\$176,723
Mercer County	\$0	\$200,239	\$200,239
Mercer Area SD & other Schools	\$168,517	\$517,011	\$685,528
Total	\$337,033	\$725,457	\$1,062,490

The full, detailed analysis of the economic and fiscal impact of SCI Mercer is provided below.

Facility Operations

SCI Mercer reported an annual operating budget of \$60.4 million including payroll. The facility also reported 413 workers and an annual payroll of \$51.6. These direct economic impacts support the following indirect and induced economic activity in the county each year.

Table 5. Economic Impact of SCI Mercer

	Direct	Indirect & Induced	Total
Employment	413.0	375.9	788.9
Workers' Earnings	\$51,558,000	\$30,146,994	\$81,704,994
Economic Output or Sales	\$60,443,000	\$33,412,890	\$93,855,890

The facility's operations support 789 jobs, \$81.7 million in workers' earnings and \$93.9 million in economic output during each year, at risk of being eliminated entirely within the county if the facility is closed.

The facility employs 413 individuals, the facility's spending supports another 376 spin-off jobs in the county. In total, the facility supports 789 area jobs at risk in the local economy.

Facility employees earn salaries and benefits of \$51.6 million each year and the facility's spending supports another \$30.1 million in earnings for workers in related spin-off jobs in the area. Therefore, total workers' earnings supported by SCI Mercer totals \$81.7 million at risk in the local economy.

The direct economic output supported by the facility is \$60.4 million. This includes payments that the facility makes for employee, faculty and staff salaries, purchases of goods and services and other expenditures. The direct spending generates \$33.4 million in indirect and induced sales or economic output in area businesses and other organizations.

Local Retail Spending

The facility's workers support \$12.3 million in retail spending in the county economy. The table below shows this derivation using standard assumptions for worker spending.

Table 6. Retail Spending Supported

	Amount
Gross earnings	\$81,704,994
Percent of gross workers' earnings spent on taxable goods	25.0%
Median value of owner-occupied housing units**	60.0%
Total residential market value supported	\$12,255,749

* Estimate based on data from the U.S. Census OnTheMap Program, Commuting Patterns for the region.

** U.S. Census Bureau, American Community Survey (ACS), 2011-15

Residential Property on Local Tax Rolls

Although SCI Mercer's property is not on local tax rolls, the facility's workers and workers in spin-off jobs in the community own or occupy residential property on which they directly or indirectly pay property taxes, as shown below.

Table 7. Residential Property Supported

	Amount
Number of direct and spin-off workers supported by SCI Mercer	788.9
Percent of workers who live in Mercer County*	55.6%
Median value of owner-occupied housing units**	\$107,900
Total residential market value supported	\$47,325,787

* Estimate based on data from the U.S. Census OnTheMap Program, Commuting Patterns for the region.

** U.S. Census Bureau, American Community Survey (ACS), 2011-15

Fiscal Impact Summary

The economic impacts supported by SCI Mercer result in tax revenues for the state and local taxing jurisdictions. The fiscal impact analysis in this study focuses on the major revenue sources for local jurisdictions in the county. Other nearby municipalities and counties benefit from the facility as well; however, this analysis focuses on Mercer County. The table below summarizes the tax revenues supported by SCI Mercer.

Table 8. Total Fiscal Impact of SCI Mercer

	Income Taxes	Property Taxes	Total
Findley Township & other Municipalities	\$168,517	\$8,207	\$176,723
Mercer County	\$0	\$200,239	\$200,239
Mercer Area SD & other Schools	\$168,517	\$517,011	\$685,528
Total	\$337,033	\$725,457	\$1,062,490

Earned Income Taxes

Townships and other municipalities within Mercer County benefit from earned income taxes paid by workers residing in the county. According to information from the Department of Corrections, 55% of the facility's workers reside in Mercer County. It is assumed 55% of spin-off workers reside in the county and support earned income taxes for local governments as well. The estimated annual earned income taxes supported by the facility are shown below.

Table 9. Earned Income Tax Collections

	Sales Amount	Tax Amount
Total workers' earnings less benefits	\$61,278,745	
Workers' earnings of county residents (55%)	\$33,703,310	
Findley Township & other Municipalities	<i>Earned Income Tax Rate: 0.500%</i>	\$168,517
Mercer County	<i>Earned Income Tax Rate: 0.000%</i>	\$0
Mercer Area SD & other Schools	<i>Earned Income Tax Rate: 0.500%</i>	\$168,517
Total Earned Income Tax Collections		\$337,033

Property Taxes

The facility's property is not on local tax rolls but the facility's employees and workers in spin-off jobs in the community own or occupy residential property on which they directly or indirectly pay property taxes. Based on the median residential property taxes paid according to the US Census, and local income tax rates, the table below estimates the impact by district.

Table 10. Property Tax Collections

	Sales Amount	Tax Amount
Median residential real estate taxes paid*	\$1,654	
Estimated total workers residing in Mercer County	439	
Findley Township & other Municipalities	<i>Property Tax Rate per \$1,000: 1.0000</i>	\$8,207
Mercer County	<i>Property Tax Rate per \$1,000: 24.4000</i>	\$200,239
Mercer Area SD & other Schools	<i>Property Tax Rate per \$1,000: 63.0000</i>	\$517,011
Total Property Tax Collections		\$725,457

* U.S. Census Bureau, American Community Survey (ACS), 2011-15

Overview of Methodology

This report presents the results of an analysis undertaken by Impact DataSource, an Austin, TX based economic consulting firm.

Economic impacts can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the facility. Second, this economic impact analysis calculates the indirect and induced impacts that result from the facility. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the facility. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

Regional Input-Output Modeling System (RIMS II)

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. The RIMS II model is described in basic detail below.

Generally speaking, input-output modeling attempts to estimate the changes that occur in all industries based on a change in the demand for the output of an industry. An input-output model allows an analyst to identify the subsequent changes occurring in various industries within a regional economy in order to estimate the total impact on the economy. Total economic impact is the sum of three components: (1) direct, (2) indirect, and (3) induced impacts.

If the demand for the output of an industry, measured by industry sales or revenue, increases by \$1.0 million, total regional output increases by \$1.0 million. This initial change in output is called the change in direct economic output and also referred to as the direct expenditure effect. The change in total economic output in the region resulting from the initial change does not stop with the change in direct economic output. Businesses in a variety of industries within the region will be called upon to increase their production to meet the needs of the industry where the initial increase in demand occurs. Further, other suppliers must also increase production to meet the needs of the group of initial supplier firms to the industry. This increase in expenditures by regional suppliers is considered the indirect economic impact of the initial \$1.0 million in sales, and is classified as indirect expenditures of the total economic impact or the change in indirect economic output.

The total economic impact of the \$1.0 million in sales includes one more component, the induced impact. All economic activity, whether direct or indirect, that results from the initial increase in demand of \$1.0 million, requires workers, and these workers must be paid for their labor. This means that part of the direct and indirect expenditures is actually in the form of wages and salaries paid to workers in the various affected industries. These wages and salaries will in turn be spent in part on goods and services produced locally in the region. This spending is another part of the regional economic impacts referred to as induced impacts and is classified as induced expenditures or the change in induced economic output.

Based on the initial direct impact, the RIMS II model can be used to estimate the direct, indirect and induced impacts on economic output, value added, earnings and employment in a given region. Economic output is gross output and is the sum of the intermediate inputs and final use. This is a duplicative total in that goods and services will be counted multiple times if they are used in the production of other goods and services. Value added is defined as the value of gross output less intermediate inputs. Workers' earnings or earnings consist of wages and salaries, employer provided benefits and proprietors' income. Employment consists of a count of jobs that include both full-time and part-time workers.

The RIMS II model is based on regional multipliers, which are summary measures of economic impacts generated from changes in direct expenditures, earnings, or employment. Multipliers show the overall impact to a regional economy resulting from a change in demand in a particular industry. Multipliers can vary widely by region. Multipliers are higher for regions with a diverse industry mix. Industries that buy most of their materials from outside the state or region tend to have lower multipliers. Multipliers tend to be higher for industries located in larger areas because more of the spending by the industry stays within the area.

The RIMS II model generates six types of multipliers for approximately 400 industrial sectors for any region in the United States. The multipliers include four “final-demand” multipliers and two “direct-effect” multipliers. Final demand multipliers indicate the impact of changes in final demand for the output of a particular regional industry on total regional output, earnings, employment and value added. Direct-effect multipliers indicate the impact of changes in regional earnings or employment within a particular industry on total employment or earnings within a region.

Final-demand output multipliers indicate the total regional output (direct, indirect and induced expenditures) that results from an increase in direct expenditures for a good produced by a particular regional industry. For example, if an industry in a particular region is said to have a final demand output multiplier of 2, this tells us that a \$1 increase in final demand for the good produced by that industry results in a \$2 increase in total output or expenditures within the regional economy. Final-demand earnings multipliers indicate the impact of an increase in final demand for the good of a particular regional industry on the total earned income of households within the region. Final-demand employment multipliers indicate the increase in total regional employment that results from a \$1.0 million increase in final demand for the good produced by a particular regional industry. Final-demand value-added multipliers indicate the increase in total regional value added that results from a \$1.0 million increase in final demand for the good produced by a particular regional industry. Direct-effect earnings multipliers indicate the impact of a \$1 change in earnings within a particular regional industry on total earnings in all industries within a region. Direct-effect employment multipliers indicate the impact of a change in employment in a particular regional industry on total employment in all industries within a region.

Theoretically, changes in final demand drive the total change in economic output, earnings, and employment. However, these multiplier relationships can be used to estimate impacts in other ways if only limited information is known about a project. For example, the multiplier relationships can be used to estimate the increase in direct economic output based on a given level of employment in a specific industry.

Additional Notes on RIMS II

RIMS II multipliers are based on the average relationships between the inputs and outputs produced in a local economy. The multipliers are a useful tool for studying the potential impacts of changes in economic activity. However, the relative simplicity of input-output multipliers comes at the cost of several limiting assumptions.

- Firms have no supply constraints—Input-output based multipliers assume that industries can increase their demand for inputs and labor as needed to meet additional demand.
- Firms have fixed patterns of purchases—Input-output based multipliers assume that an industry must double its inputs to double its output.
- Firms use local inputs when they are available—The method used by RIMS II to develop regional multipliers assumes that firms will purchase inputs from firms in the region before using imports.

RIMS II, like all input-output models, is a “static equilibrium” model. This means that there is no specific time dimension associated with the results using the model. For the RIMS II model, it is customary to assume that the impacts occur in one year because the model is based on annual data.

The fiscal impacts calculated in this report are described in the text of the report.

About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 70 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the New Mexico Economic Development Department and the Tennessee Department of Economic and Community Development.

The New Mexico Department of Economic Development uses Impact DataSource's computer model to project the economic impact of new or expanding firms in the state, including costs and benefits for the State of New Mexico, as well as each local taxing district. The model also analyzes the amount of eligible state and local incentives and calculates a rate of return and payback period for these incentives.

Appendix

Facility Operations - Impact Calculations

Operating Budget		
	Operating expenditures, excluding payroll	\$8,885,000
	Payroll	\$51,558,000
	<u>Total Operating Expenditures</u>	<u>\$60,443,000</u>
Payroll	Compensation	\$28,903,414
	Benefits	\$22,654,586
	<u>Payroll</u>	<u>\$51,558,000</u>
Employment	Mercer County Residents	221
	Staff	192
	<u>Total</u>	<u>413</u>

Facility Operations Impact in Mercer County

	Direct	Indirect & Induced	Total
Employment	413.0	375.9	788.9
Workers' Earnings	\$51,558,000	\$30,146,994	\$81,704,994
Economic Output or Sales	\$60,443,000	\$33,412,890	\$93,855,890

	Employment	Workers' Earnings	Economic Output	Value Added
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Information	7.1	\$851,432	\$1,295,898	\$1,138,911
Finance and insurance	32.4	\$3,240,171	\$3,778,896	\$3,791,116
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Professional, scientific, and technical services	33.4	\$4,399,064	\$3,259,087	\$3,515,255
Management of companies and enterprises	4.3	\$859,315	\$660,038	\$666,007
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Educational services	4.7	\$315,345	\$236,937	\$220,689
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Arts, entertainment, and recreation	6.0	\$252,276	\$220,013	\$220,689
Accommodation	3.2	\$157,673	\$169,240	\$177,339
Food services and drinking places	20.1	\$654,341	\$645,531	\$547,781
Other services	430.8	\$53,087,424	\$62,082,214	\$17,824,551
Households	3.0	\$63,069	\$0	\$31,527
Total	788.9	\$81,704,994	\$93,855,890	\$47,381,070

<http://www.cor.pa.gov/Documents/Prison%20Closures/Facility%20Analysis%20Matrix%202017.pdf>



Penn-Northwest

DEVELOPMENT CORPORATION

Affordable Solutions for Corporate Expansion

January 20, 2017

The Honorable Tom Wolf, Governor
Commonwealth of Pennsylvania
225 Main Capitol
Harrisburg, Pennsylvania

Dear Governor Wolf:

We are writing this collectively, as a unit, on behalf of Penn-Northwest Development Corporation in an effort to convince you to not shut down SCI Mercer. We feel compelled to write this in an effort to protect the county's fragile economic state. In this letter, we will be pointing out the overwhelming evidence of SCI Mercer being an economic structure that is valued and necessary not only to the Mercer County community, but to the Commonwealth of Pennsylvania. Shutting down this facility will undoubtedly cause irreparable damage to this community and to the Commonwealth's economy. As Mercer County's lead economic development agency, our insight is worth bearing in mind as we all focus to keep the local and Commonwealth economies from taking a devastating dive, while also balancing cost savings considerations. We hope you can agree that not only is SCI Mercer one of the more successful prisons in the state, but it is essential to the county's livelihood.

We urge you to remove SCI Mercer from the list of potential facilities under consideration for closure. In a county where the average household income is less than \$45,000 per year, SCI Mercer is a keystone opportunity that offers a full scale of benefits, healthcare, and dignified, proud work for the employees and residents of Mercer County. Because 14.2% of the population is below the poverty line, SCI Mercer is a unique career opportunity in our community. Workers serving at this facility include single mothers, Veterans, and retired police officers. Each and every one of these individuals is honorable, hard working and deserving of the position they hold. Most importantly, they count on this job to provide for their home and their families.

Of the prisons at hand, SCI Mercer has the lowest daily cost per inmate rate (at \$107 a day per prisoner). As such, the Commonwealth would actually face raised costs should SCI Mercer close. Moreover, SCI Mercer was built intentionally within a mile from the county jail to relieve bussing and transfer costs, as well as for the convenience of transportation of parolees. The county would incur steeper transportation costs for arraignments, trials, and sentencing hearings for shuttling prisoners to and from another facility. Furthermore, SCI Mercer is one of the newer facilities of those under consideration and more than \$20 million dollars in renovations have taken place over the last ten years. The analysis provided by the Department of Corrections indicated that underground fuel tanks need replacing; however, this is a process that has already begun. SCI Mercer also maintains its own septic system, which saves the Commonwealth over \$250,000 per year. In actuality, SCI Mercer's upkeep costs are projected to be grossly higher than the actual cost portrayed in the DOC's report.

SCI Mercer has saved the community over \$67,000 in wages through their Community Work Program. This program also permits the facility to take action in true community service by serving local food banks, fairgrounds, highway litter control, and an array of other works that keep our community thriving. Economically speaking, SCI Mercer has one of the best records for inmate rehabilitation and inmate reentry to society. Their success rate is one the highest in the Commonwealth.

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To shut down SCI Mercer would take the county's unemployment rate from 5.5% to approximately 6.6%. Let us be reminded that filling in a 1% unemployment gap would take years, especially in a community where hundreds of other jobs are presently threatened with the recent announcements concerning the closures of Sears and Macys in Hermitage. Small towns, such as Mercer, Farrell, Jamestown, and Grove City seem to get left behind when Harrisburg's or Philadelphia's economics get threatened.

The secretary's promise of relocating all correction officers and employees to other facilities isn't ideal for an area such as Mercer. Northwestern Pennsylvania does not have public transportation options that would offer transportation to the closest facility, an hour or more from Mercer. Incurring the maintenance cost of a vehicle capable to conduct a two-hour commute per day will not only be a burdensome cost, but would also cost time for the families of inmates. Certainly job replacement for SCI Mercer employees, in this area, is easier said than done. Those affected employees need to be reassured that these are the types of considerations taking place for each community under possible facility shut down: Is there local transportation? Is the commute longer? Are the wages paid the same or will these displaced employees end up with a rate cut? It is not in our Commonwealth's best interest to close SCI Mercer. The people in this area count on this facility for more than its building and inmate housing capabilities, but also for the quality of life afforded by valuable employment opportunity and through programs the facility offers this community and its inmates.

Penn-Northwest Development Corporation stands with the Mercer County community, Senator Michelle Brooks, Representative Mark Longiotti, Representative Tedd C. Nesbit, Representative Parke Wentling, Senator Elder A. Vogel, Jr., Representative Chris Sainato, Senator Scott E. Hutchinson, Senator Daniel Laughlin, and a long list of working class residents in urging you to make the right decision and keep SCI Mercer fully operational. We have faith in your judgment and we are confident you will acknowledge the undeniable benefits in maintaining this facility and supporting the Mercer County community and, in turn, the Commonwealth.

Sincerely,



Randy A. Beitz
President/CEO
Penn-Northwest Development Corp



James Grasso, Chairman
President
Liberty Steel Products, Inc



Doug Thomas, Vice Chair
President
Thomas Construction, Inc.



Matthew McConnell, Second Vice Chair
Chairman
Mercer County Commissioners



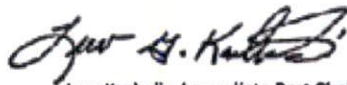
Scott Free, Treasurer
Treasurer
First National Bank



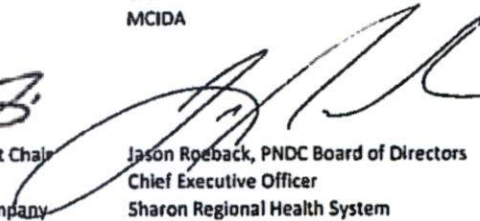
Douglas Riley, Secretary
Chairman
MCIDA



John Thigpen, Assist. Treasurer/Secretary
General Manager
I/sco Extrusions, Inc.



Lew Kachulis, Immediate Past Chair
President
Synergy Comp Insurance Company



Jason Roebuck, PNDC Board of Directors
Chief Executive Officer
Sharon Regional Health System



Drew Pierce, PNDC Board of Directors
Chief Executive Officer
The Primary Health Network