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# Local Impact of a Low-Security Federal Correctional Institution

BY GEORGE O. ROGERS AND MARSHALL HAIMES\*

## Introduction

PRISON POPULATIONS have increased significantly in the 1970's and early 1980's.<sup>1</sup> The result is that Federal and state correctional systems are operating at or above their capacity. Despite attempts by courts to alleviate the ensuing prison crowding, extensive renovation and construction programs have become necessary. Facilities for nearly 42,000 additional inmates were constructed in 1981 and 1982.<sup>2</sup> Even with current expansion efforts and increased construction, additional prison facilities are needed. While several policy alternatives could alleviate at least part of the problem,<sup>3</sup> building more prison facilities is an important approach to reducing the prison crowding problem. But prisons are often considered locally undesirable land uses (LULUs) by nearby residents, who would rather they be located elsewhere. This "not in my back yard" (NIMBY) sentiment reflects an appropriate community concern, but is seldom weighed against the potential benefits of having such facilities in the area. This study examines the local economic impacts of a low-security Federal Correctional Institution in its second year of operation at Loretto, Pennsylvania.

Increasing prison populations, and the associated overcrowding, make prison siting a major issue for the criminal justice system. The American Correctional Association has two fundamental guidelines used in selecting prison sites: facilities should be located in places near inmate families, near metropolitan areas to facilitate family visits and access to courts, medical care facilities, and other services.<sup>4</sup> These locations provide for an optimum use of existing resources and foster overall community sup-

port.<sup>5</sup> It has even been argued that prison siting is the most important factor of facility development, affecting community, prison, and prisoner alike.<sup>6</sup> Prisons should be integrated into communities, providing jobs for residents, stimulating the local community both economically and socially, while maintaining security and safety for both prisoners and residents.

Like prisons, hazardous facilities often become embroiled in local political issues. Because LULUs typically involve a NIMBY attitude among local residents, prison and hazardous facility siting decisions are political decisions, by nature. The public's response to LULU's is far more intense to highly visible facilities.<sup>7</sup> Incentives provided local communities appear to make potential LULU's more acceptable.<sup>8</sup>

## Policies and Politics

Selecting a community-based site for a prison is not easy. A few instances of unsuccessful siting il-

<sup>1</sup> *Statistical Abstracts of the United States 1986*, U.S. Department of Commerce, Bureau of the Census, reports the rate of state and Federal incarceration increasing steadily from 96.7 in 1970 to 188.0 per 100,000 population in 1984. The total number of prisoners in these institutions increased from 196,429 to 445,381 over the same period. G.G. Gaes, "The Effect of Overcrowding in Prisons," in *Crime and Justice: An Annual Review of Research*, Vol. VI, 1984, Chicago, reports that the number of state and Federal prisoners increased from 229,721 in 1974 to 438,830 in 1983.

<sup>2</sup> Gaes reports that by the end of 1982, 39 jurisdictions reported having increased prison capacities, 51 had additional facilities under construction, and 49 reported that construction to add beds was in the planning stages.

<sup>3</sup> Alternative solutions include increasing the role of privately operated prisons, increasing alternative forms of "punishment," reducing time served, and expanding existing facilities.

<sup>4</sup> The Corrections Task Force of the National Advisory Commission on Criminal Justice Standards and Goals made this recommendation in 1967 and again in 1973.

<sup>5</sup> A. L. Grieco, "New Prisons—Characteristics and Community Reception," *Q. J. of Corrections* (special issue) Vol. 2:2, 1978 (p. 55-66).

<sup>6</sup> E. E. Flynn, "Standards and Goals: Implications for Facilities Planning," in M. R. Monilla and N. Harlow (eds.), *Correctional Facility*, Lexington, Massachusetts: D.C. Heath & Co., 1979 (pp. 67-81).

<sup>7</sup> F. J. Popper, "LP/HC and LULUs: The Political Uses of Risk Analysis in Land-Use Planning," Workshop on Low-probability/High-consequence Risk Analysis, Arlington, Virginia, 1982, finds that these facilities are usually large, noisy, ugly, or polluting, and are usually regulated by several levels of government.

<sup>8</sup> S. A. Carnes et al., "Incentives and the Siting of Radioactive Waste Facilities," Oak Ridge National Laboratory, Oak Ridge, Tennessee, 1982, finds that when local areas are encouraged to accept such facilities by incrementally adding incentives for an hypothetical nuclear waste repository, more people found it acceptable with incentives (42 percent) than without them (22 percent). However, the key incentives included increased local authority regarding the facility's operation, including the authority to shut it down.

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illustrate the nature of the problem. The quiet town of proud townspeople in Putney, Vermont, turned down a Federal proposal to convert a small college into a 500-bed minimum security prison. The artistic and academic pursuits of the residents were in marked contrast with their fear that "... Putney would be viewed as a prison town..."<sup>9</sup> The citizens of Carbondale, Illinois reportedly did not want a 300-bed state prison in their community, even though the economic boost it would give the community was thoroughly recognized. And even with enthusiastic support from the local public officials of Wasilla, Arkansas, the plan for a maximum security facility to be located in a relatively isolated area near town was scuttled. The situation is often repeated for other potential sites, where "... a small group of outspoken townsfolk said they didn't want dangerous convicts living in their community..."<sup>10</sup>

Some towns have actually lobbied hard to get prisons sited in their areas. It occurs most often when the local economy is very depressed, unemployment rates are high, and prisons can serve as an economic stimulus for the local economy. Somerset County, Maryland was facing a 1 in 5 unemployment rate, with about 70 percent of the residents receiving monthly assistance. Elected officials were pleased with "... the prospect of an \$8 million annual payroll and 400 new jobs resulting from a new medium-maximum security prison".<sup>11</sup> While other communities, such as Galesburg, Illinois, Oakdale, Louisiana, and Duluth, Minnesota have lobbied for prisons in their area, they represent the exception. Perhaps because of the intensified association with the local community, halfway houses and community centers report vocal, vehement, and sometimes violent opposition. "Almost all successful community correctional center operators cite neighborhood participation as the key to overcoming opposition."<sup>12</sup> Contacting key community leaders and even canvassing neighbors door-to-door are recommended practices for building support and minimizing opposition. Avoiding damaging public confrontations in open hearings is often facilitated by such community contact. Some corrections agencies have taken this a step farther by employing local contractors with existing community relations in siting community-based facilities.

<sup>9</sup> F. A. Silas, "Not In My Neighborhood," *American Bar Association Journal, Lawscope*, Vol. 70:27-29, 1984, p. 27. In Putney, Vermont, voters reject the idea of a minimum security facility at a converted college by a 3-to-1 margin in a public referendum.

*Community Concerns*

**Property Values**—One potential impact on areas near prisons stems from the general feeling that LULU's detrimentally affect the area, making property less desirable and therefore decreasing property values. In the context of a multidimensional regression analysis, the impact of prison facilities on property values was examined for both target areas near the prison facilities in Florida and control areas. Property values in areas near the facilities were *higher than* those in control areas, when differences were observed at all.<sup>13</sup> The effects of prison location examined in the context of the effects of type of structure, lot, and neighborhood increase the assessed property value by \$27 to \$35 per 100 feet. Prison proximity raises assessed property value. All other things being equal, the closer a house is to the prison, the higher its assessed value.<sup>14</sup> Perceived impact of prison siting on property values is one of a set of attitudes that includes family security, restriction of activity, and a desire to move from the area.<sup>15</sup> This underlying complex of attitudes is more important than objective measures of changes in property value when obtaining public acceptability.

**Security**—In areas near prisons, increased community contact with prison visitors and prison escapes are the potential pathways affecting feelings of security. Analysis of prison and non-prison areas in Florida indicates that crime rates near prisons were less than in control areas, when there was a difference at all.<sup>16</sup> It is unlikely that visitors and escapes contribute to crime rates in areas adjacent to prison facilities. In Uxbridge, Ontario concern for safety was intertwined with employment opportunities and the nature of the facility.

Most inmates are violent offenders such as rapists, murderers and armed felons; escapes are inevitable; escapees may steal cash, cars, weapons or hold wives and other family members hostage; inmates riot and inmates released on temporary absences may elect to remain in the community rather than travelling to their homes.<sup>17</sup>

In Uxbridge, family security was complicated by the prison staff security. Preferred jobs at the facility were allocated to existing personnel, leaving

<sup>13</sup> K. S. Abrams *et al.*, "The Socioeconomic Impacts of State Prison-Siting on the Local Community," Joint Center for Environmental and Urban Problems, Florida International University (May 1985).

<sup>14</sup> C. E. Stanley, "The Impact of Prison Proximity on Property Values in Green Bay and Waupun, Wisconsin," State of Wisconsin Division of Corrections, Bureau of Facilities and Management (1978).

<sup>15</sup> P. Maxim and D. Plecas, "Prisons and Their Perceived Impact on the Local Community," *Journal of Correctional Education*, Vol. 19:22-29, 1982.

*Lawscope*, Vol. 70:27-29, 1984, p. 27. In Putney, Vermont, voters reject the idea of a minimum security facility at a converted college by a 3-to-1 margin in a public referendum held after an extensive review process.

<sup>10</sup> Silas 1984:27.

<sup>11</sup> Silas 1984:29.

<sup>12</sup> Krajick, K., "Not on My Block: Local Opposition Impedes the Search for Alternatives," *Correctional Magazine*, Vol. 5, 1980:18, pp. 15-29.

Facilities and Management (1978).

<sup>15</sup> P. Maxim and D. Plecas, "Prisons and Their Perceived Impact on the Local Community," in *Social Indicators Research*, Vol. 18:39-58, 1983.

<sup>16</sup> Abrams *et al.* 1985:66.

<sup>17</sup> H. A. Tully *et al.*, "Correctional Impact and Host Community Resistance," *Canadian Journal of Criminology*, Vol. 24:133-139 (1982) p. 135.

the riskiest jobs for residents. Locals perceived that "their people" were the most likely to be brutalized inside the facility, transferring their personal security inside to their families on the outside. The respondents' perception of family security, perceiving a prison as a menace, a general dissatisfaction with having the prison located "here," and an "impulse" to move, underscores the importance of the family security issue in selecting prison sites.<sup>18</sup>

**Impact on Local Institutions**—Do prisons place unconscionable demands on existing resources creating community burdens? For police, concerns range from hiring competition for potential work force to police force response to prison escapes. However, police in nearby communities in Florida found the benefits of the prison facility far outweighed any potential burdens associated with the facilities.<sup>19</sup> Hospital administrators in these nearby communities report that the negative image associated with the presence of prisoners in public hospitals presents a relatively minor public relations problem. However, Abrams *et al.* recommend that arrangements with institutions be clearly understood by all parties to avoid confusion and provide a firm foundation for ongoing institutional cooperation. Impacts on community infrastructure, such as traffic increases and increased demands for public services and environmental resources, are sometimes associated with LULUs.<sup>20</sup>

**Psychological Impacts**—The fear of change constitutes an apprehension of the unknown associated with an influx of people in the area. Fear of change is most frequently cast in terms of a prison-subculture or community stigma, where the place is associated with undesirables involved in drug-trafficking and violent crimes. Fear-of-fear is a general negative attitude regarding the psychological impact of a prison as a place of fear, hostility, and tension.<sup>21</sup> Existing research indicates that these subjective "fears" and attitudes are more powerful than objective measures of prison impact in explaining community resistance to potential siting.<sup>22</sup> In Florida, nearly all prison neighbors studied reported no direct impact on their families. Residential proximity was not related to reporting problems with the

prisons. Nearly half of the residents felt personal safety was a problem in their neighborhoods, but "... none attributed their concern to the presence of the ... [prison]."<sup>23</sup>

The model prison in Southern Illinois is the largest employer in the area; 61 percent of the prison employees reside in the county. "This identity of occupational role and political citizenship is the strongest of the many interrelationships between the prison and the surrounding society."<sup>24</sup> The community leaders are strongly committed to the prison—many are employed there. The most "... deeply entrenched and powerful families in the local area ..." have members working at the prison, which reinforces the community's stake in a successful prison. This kind of positively reinforced relationship of the community with the prison integrates the prison with the community. The community and the prison benefit most when the prison becomes a part of the community, rather than relating to it.

**Economic Impact**—The principal economic concern is that benefits to the local community will be limited. If there are only a few local expenditures, or they are of limited size, local gains are offset by increased expenditures to assure public safety and increased "community infrastructure" costs, yielding an increase in taxes. The benefits stemming from nearby prisons in three Florida communities "... in the form of increased earning, income and employment ... are substantial."<sup>25</sup> Another economic concern is the impact on the infrastructure. While people seem to recognize the minimal burden on existing infrastructures, they are concerned that other industries may not consider the area once a prison is located there, for fear that the area lacks the ability to expand enough to accommodate both. Schools, businesses, banks, and housing are specific instances where expansion capacity can be absorbed by prison facilities.

### *The Current Study and Data*

Local companies supplying the low-security prison at Loretto, Pennsylvania significantly affects the local economy. This article examines the extent of the facility's contribution to the local economy. The fiscal year 1985 budget for the minimum security prison at Loretto exceeded \$11.8 million; this economic

<sup>18</sup> Family security dimension was found to be the most important factor in perception of impact by Maxim and Plecas (1983).

<sup>19</sup> Abrams *et al.* (1985).

<sup>18</sup> Family security dimension was found to be the most important factor in perception of impact by Maxim and Plecas (1983).

<sup>19</sup> Abrams *et al.* (1985).

<sup>20</sup> Maxim and Plecas (1983).

<sup>21</sup> Tully *et al.* (1983).

<sup>22</sup> See McGee, *Prisons and Politics*, Lexington, Massachusetts: D.C. Heath & Co., 1981; W. W. Zarchikoff *et al.*, "An Assessment of the Social and Economic Impacts of Federal Correctional Institutions on the Communities of Agassiz, Harrison Hot Springs and Harrison Mills, British Columbia, Canada," Ministry of the Solicitor General, Evaluation and Special Projects Division, Canada, 1981; and Maxim and Plecas (1983).

The 1985 budget for the minimum security prison at Loretto exceeded \$11.8 million; this economic stimulus amounts to over \$980,000 per month. Com-

<sup>23</sup> Abrams *et al.* 1985:113.

<sup>24</sup> J. B. Jacobs, "The Politics of Corrections: Town/Prison Relations as a Determinant of Reform," *Social Service Review*, Vol. 50:623-631 (1976) p. 625.

<sup>25</sup> Abrams *et al.*, 1985:46.

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pared to the general expenditures in Blair and Cambria Counties of just over \$188 million,<sup>26</sup> this amounts to 6.2 percent of the annual expenditures, if all the expenditures of the facility were made in the two counties.

A sample of 2,108 individual purchase orders and 96 prison employee records were selected.<sup>27</sup> Salaries were estimated for hourly employees on the basis of 2,080 hours per year. The sample represents \$11,253,488.50 in total expenditures during fiscal year 1985, accounting for more than 95 percent of the funds spent (table 1). The period was dominated by expenditures to establish the facility at Loretto. The estimated salary expenditures are compared with budgets used for personnel only, the least accurate sample representation. Because the sample expenditures for salaries and wages are estimated, there can be some variation that is unaccounted for in the estimates.<sup>28</sup>

Expenditures in all non-salary categories are represented well in the sample. The largest discrepancy between the sample funds and budgeted expenditures amounts to \$149.89 in the building and facilities category. The sample expenditures are weighted by the ratio of sample to FY1985 funds presented in table 1, providing an estimated budgetary expenditure of \$11,905,639. This estimate leaves \$79,730 in commissary funds unrepresented by the sample. Comparing this estimate with the budgeted funds for 1985, \$163 remain unaccounted for by the sample estimates. Since the extent of sample representation is quite high for most categories of expenditures, weighting predominantly affects salary and wages.

### *Economic Impacts*

**Geographic Location**—A total of 185 towns, boroughs, and named places were identified as being within a 25-mile radius on a Pennsylvania Department of Transportation state map (1982). Mapping "vendor location" on these 185 places partitioned the sample expenditures into three major categories: those within 25 miles, elsewhere in Pennsylvania, and not in Pennsylvania. Of the 2,204 transactions reported, 50.4 percent (1,112) were within 25 miles,

TABLE 1. COMPARISON OF SAMPLE EXPENDITURES AND FY 1985 BUDGET

Budget Category	Expenditures In Sample	Fiscal Year 1985	Ratio of Sample to FY 1985
<i>Salary and Expenses</i>	\$2,933,614.00	\$2,933,630.00	1.000005
<i>S&amp;E Salaries</i>	\$2,113,012.50	\$2,585,188.38	1.223460
<i>Building and Facilities</i>	\$3,707,000.00	\$3,707,149.89	1.000040
<i>Commissary*</i>	—	\$79,730.86	—
<i>Activation Funds</i>	\$2,499,862.00	\$2,499,940.53	1.000031
<i>Total Funds</i>	\$11,253,488.50	\$11,805,639.66	1.049064

\*Commissary funds are not represented in the sample expenditures.

firms/individuals in towns within 25 miles of Loretto. While this figure is inflated because of predominance of prison staff residing near the facility, 55.8 percent of non-salary expenditures were within 25 miles (table 2).

Ongoing expenditures<sup>29</sup> within 25 miles of the Loretto facility amounted to \$3.7 million in FY1985. The prison population is growing from about 40 inmates per day in January 1985 to nearly 150 per day in December 1985, and at the end of 1986 it is near its designed capacity of 500 which amounts to \$7400 per year for each inmate.<sup>30</sup> The geographic distribution of expenditures is further analyzed by town name within 25 miles of Loretto. Vendors in cities and towns receiving more than \$100,000 in expenditures combine for 46.5 percent of the transactions in FY1985; this represents 62.3 percent of all expenditures (table 3). The estimated dollar expenditures in these eight places amount to over \$7.3 million or 95.7 percent of the funds expended within 25 miles. The major population centers of Altoona (57,078) and Johnstown (35,495) account for 55.4 percent of expenditures within 25 miles of Loretto. Another pattern indicates that major transportation corridors

not in Pennsylvania. Of the 2,204 transactions reported, 50.4 percent (1,112) were within 25 miles, more than \$7.6 million or 65.3 percent went to

penditures within 25 miles of Loretto. Another pattern indicates that major transportation corridors provide access. Six of the eight places have primary roads through them, with secondary roads to Loret-

<sup>26</sup> U.S. Department of Commerce, Bureau of Census, City County Data Book 1982-1983.

<sup>27</sup> Confidence is maintained by reporting only salary town of residence, and never reporting salary data alone when the number of employees in a town is less than three.

<sup>28</sup> More overtime may have been used during the period because of the special needs involved in establishing the facility. Hence, the number of hours per year may be significantly lower than actual, and the overtime rate is not calculated as part of the estimates.

<sup>29</sup> Ongoing expenditures include salaries and operating expenses, comprised of salary and expenses (coded 52) funds.

<sup>30</sup> Estimates for continued expansion that fail to account for prison capacity, optimal size, base-line operations cost (before any prisoners are in the facility), and incremental costs (associated with each additional inmate) are not reliable.

to itself and Gallitzin, which is about 4.7 miles east-south-east. Population centers make goods and services available when smaller places are unable to do so, while distance and transportation represent convenience.

**Type of Expenditures**—An important aspect of a government agency's expenditures concerns the distribution of expended funds among various General Services Administration (GSA) categories. Using the GSA designations provided with purchase order transactions, and creating a code for salaries and wages, the transaction data are summarized into the major designations (table 4). Small business expenditures account for nearly \$5.6 million; salaries and wages account for almost \$2.6 million, and non-profit/educational-small businesses account for nearly \$1.3 million in expenditures. GSA expenditures and transactions with educational or non-profit organizations account for just over \$660,000 each. A substantial part of the prison's purchases are not GSA expenditures. The Loretto facility spent the majority of the available non-salary and wages funds among non-profit/educational and small business firms.

The Federal Correctional Institution at Loretto is admirably fulfilling its promise of providing direct employment for local citizens. By the end of fiscal year 1986, 48.8 percent of the institution's staff were comprised of people hired locally (living within a 25-mile radius). Seventy-three percent of entry-level positions are filled by local citizens. Constraints on

TABLE 3. CITIES AND TOWNS WITHIN 25 MILES, RECEIVING \$100,000 OR MORE IN PRISON EXPENDITURES (FY1985)

	Distance & Direction*	Transportation Access	Number of Transactions	Total Expenditures**
<b>Cities:</b>				
<i>Altoona</i>	13.0 ENE	Primary	461	\$820
<i>Johnstown</i>	20.3 SW	Primary	175	3417
<b>Towns:</b>				
<i>Cresson</i>	3.6 SE	Primary	91	804
<i>Duncansville</i>	12.8 ESE	Primary	35	212
<i>Ebensburg</i>	5.0 WSW	Primary	164	849
<i>Gallitzin</i>	4.7 ESE	Secondary	23	135
<i>Holidaysburg</i>	14.7 ESE	Primary	23	157
<i>Loretto</i>	—	Secondary	54	932

\*Distances are estimates of direct miles not driven. Directions are indicated as 16 points of the compass.

\*\*Expenditures to the nearest thousand dollars.

hiring local people for the journeyman or supervisory positions apparently stem from the lack of people trained in custody or technical specialties in the area. Of the total amount of money paid in salaries, \$1,203,941.00 (40.0 percent) went to people hired locally. Furthermore, nearly the entire amount is spent in the local economy as transferees become part of the local communities.

**Economic Multipliers**—Up to now the analysis focuses on direct prison expenditures. Expenditures made by major "industries" in local economies represent more than a single expenditure. For example, a prison employee is paid, that employee then uses that money to purchase goods and services, the merchants providing those goods and services use that money to buy supplies, pay their own expenses, pay their employees, etc. This cascading of expenditures through the system may be thought of as first, second, third, and n-th order effects. The augmentation of direct expenditures varies depending on what kinds of goods and services are being purchased and

TABLE 2. PRISON TRANSACTIONS BY CATEGORY AND REGION

Transaction Category	Number of Transactions	Total Dollars Represented	Est. Total Expenditures
<i>Expenses</i>	418	\$1,210,336.00	\$1,210,336.00
<i>Salaries</i>	94	\$2,049,915.54	\$2,508,071.71
<i>Activation Fund</i>	597	\$1,038,655.00	\$1,038,655.00
<i>Bldg. &amp; Facilities</i>	3	\$2,897,000.00	\$2,897,000.00

Activation Fund	597	\$1,038,655.00	\$1,038,655.00
Bldg. & Facilities	3	\$2,897,000.00	\$2,897,000.00
Within 25 Miles	1112	\$7,195,906.54	\$7,654,062.71
Expenses	123	\$1,022,589.00	\$1,022,589.00
Salaries	2	\$63,096.96	\$77,199.13
Activation Fund	223	\$808,034.00	\$808,034.00
Bldg. & Facilities	2	\$810,000.00	\$810,000.00
Within PA	350	\$2,703,719.96	\$2,717,822.13
Expenses	348	\$700,689.00	\$700,689.00
Activation Fund	394	\$653,173.00	\$653,173.00
Not in PA	742	\$1,353,862.00	\$1,353,862.00

tion of direct expenditures varies depending on what kinds of goods and services are being purchased and whether they may be purchased locally. This occurs because the amount of input for different products varies, as does the degree to which specific kinds of products can be supplied within a local economy. Each expenditure is multiplied to reflect a given product's typical inputs and through puts for a given area. The Federal government<sup>31</sup> publishes a series of

<sup>31</sup> U.S. Department of Commerce, Bureau of Economic Analysis, "Regional Input-Output Modeling System: A Brief Description," Regional Economic Analysis Division, May 1984.

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multipliers that accomplish this for various kinds of products and services in specific areas. These multipliers represent 39 different categories of goods and services, categories ranging from new construction and retail trade, to households, utilities, and primary and fabricated metals.

The impact of large initial expenditures, such as

construction (\$3.4 million), sewage treatment (\$599,000), and purchase of medical equipment (\$302,000), have had a significant impact. Construction expenditures alone have a projected economic impact of nearly \$11.1 million (table 5). The direct expenditures for salaries and wages (nearly \$2.6 million) are the largest ongoing expenditures, with a projected impact of \$6.8 million. Compared to the general expenditures for Cambria and Blair Counties combined of \$188 million, the projected impact of salary and wages alone represents 3.5 percent of the local economy.

TABLE 4. PRISON EXPENDITURES BY GSA CATEGORY

GSA Category	Number of Transactions	Total Dollars Represented	Est. Total Expenditures
C	123	\$5,587,464	\$5,587,464
D	4	\$217,069	\$217,069
G	203	\$664,047	\$664,047
GC	11	\$17,856	\$17,856
GT	1	\$81	\$81
N	94	\$662,926	\$662,926
NC	1461	\$1,337,661	\$1,337,661
ND	168	\$451,412	\$451,412
NG	1	\$3,208	\$3,208
NT	22	\$65,136	\$65,136
T	2	\$11,779	\$11,779
U	18	\$121,837	\$121,837
W	96	\$2,113,012	\$2,585,271
Totals	2204	\$11,253,488	\$11,725,747

- C represents Small Business
- D represents Other Than Small Business
- G are GSA expenditures
- T are procurements from other government agencies
- N represent expenditures to Non-profit/Educational Institutions
- U are Unicorn expenditures
- W are Salary and Wages expenditures

### Conclusions and Implications

The economic impact of the facility at Loretto has been substantial. The local impact has exceeded that which might have been expected. Initial expenditures to convert the facility to a low-security prison have dominated in categories such as construction, sewage treatment, and water supply. Economic impact in the local area is focused on salary and wage expenditures, as these ongoing expenditures are almost entirely local and account for a large segment of the total expenditures.

Like other LULUs, public confidence in prison management is more important than the probability of escape or the potential benefits a prison may bring to an area.<sup>32</sup> If prisons are to gain public acceptance, the public must be assured that the security of the prison is adequate for the type of prisoners and that the prison is managed well. The local community cannot establish confidence in an isolated institution or facility; such confidence can only be established through association. Prisons are accepted best when they become an integrated part of the community. People must be able to have confidence in and trust the managers, who must assure the people that their safety and well-being not only matters, but is being provided by good prison management.

TABLE 5. MULTIPLIER EFFECTS FOR SELECTED GOODS AND SERVICES

Item Description	Est. Direct Expenditures	RIMS II*	Projected Economic Impact
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Item Description	Est. Direct Expenditures	RIMS II*	Economic Impact
Construction	\$3,359,963.00	3.2982	\$11,081,829.97
Electrical	\$87,787.00	3.0098	\$264,221.31
Furniture	\$141,548.00	2.7358	\$387,247.02
Salaries and Wages	\$2,585,270.84	2.6399	\$6,824,856.49
Telephones	\$15,872.00	2.2861	\$36,284.98

\*RIMS II are economic multipliers developed by the U.S. Department of Commerce, through the Bureau of Economic Analysis, to account for the fact that money in the economy is repeatedly spent by its various recipients. For example, a prison guard is paid a salary, that individual spends it for food, shelter, and various other commodities; each of those individuals or firms spend the money again to pay their employees and the like.

safety and well-being not only matters, but is being provided by good prison management.

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<sup>32</sup>C. Starr, "Risk Management, Assessment and Acceptability," argued in a keynote address at the 1984 Annual Meeting of the Society for Risk Analysis that "Public acceptance of any risk is more dependent on the public confidence in risk management than on the qualitative estimates of risk consequences, probabilities and magnitudes" (pp. 3-4).

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