

GREAT MEADOW PRISON CLOSURE

ECONOMIC IMPACT



Prepared by Washington County Planning August 2024

With Assistance from Camoin Associates

Introduction

Most Correctional Facilities in the New York State are currently operating below capacities and are impacted by staffing shortages. To address this, Governor Kathy Hochul announced in the State 2024-2025 Budget that up to 5 facilities would be closed and inmates and staff consolidated to remaining facilities. The budget included legislation overriding requirements for 1 year closure notice and the filing of an adaptive reuse plan 6 months prior to closure.

In late July 2024 Governor Hochul and New York State Corrections Commissioner (DOCCS) Daniel Martuscello publicly announced that Great Meadow Correctional Facility (Great Meadow), along with Sullivan Correctional Facility would close in 90 Days. According to Commissioner Martuscello this was deliberately done to encourage employees of closed facilities to relocate to other prisons rather than allow time for these dislocated workers to find alternate employment in their home communities.

This will result in the loss of 649 jobs in Washington County. The nearest facilities available for staff to relocate to are over 2 hours away making commuting to an alternative facility unlikely and relocation out of the County probable. However, although not confirmed there is the possibility that some of these employees will be able to transfer to the immediately adjacent Washington Correctional Facility. It is estimated that perhaps up to 70 jobs will be made available at Washington Correctional Facility with available transfers based upon seniority. We also note that Great Meadow hosts as many as 100 to 150 trainees who might ultimately transfer to other facilities. However, for the purposes of this analysis it is assumed that if the facility were to remain open even if some trainees were to transfer out of the area new trainees would transfer in providing economic continuity.

Measuring Economic Impact to Washington County

Historically, Great Meadow has been the single largest public or private sector employer in Washington County so the loss of jobs will be keenly felt. Economic impact can be estimated in terms of the available local jobs eliminated, loss of earnings, loss of sales revenue to local businesses, and loss of sales tax to the County and communities. However, considerable social impact will also result as well. The loss will also be felt by schools, local nonprofits, volunteer organizations, and churches, as well as community and social groups.

Washington County Retained Camoin Associates, a well-known Economic Development Consulting firm to assist with quantifying the impact analysis related to the loss of these jobs described on page five.

According to NY State Department of Labor Census of Wages (QCEW) data for 2023:

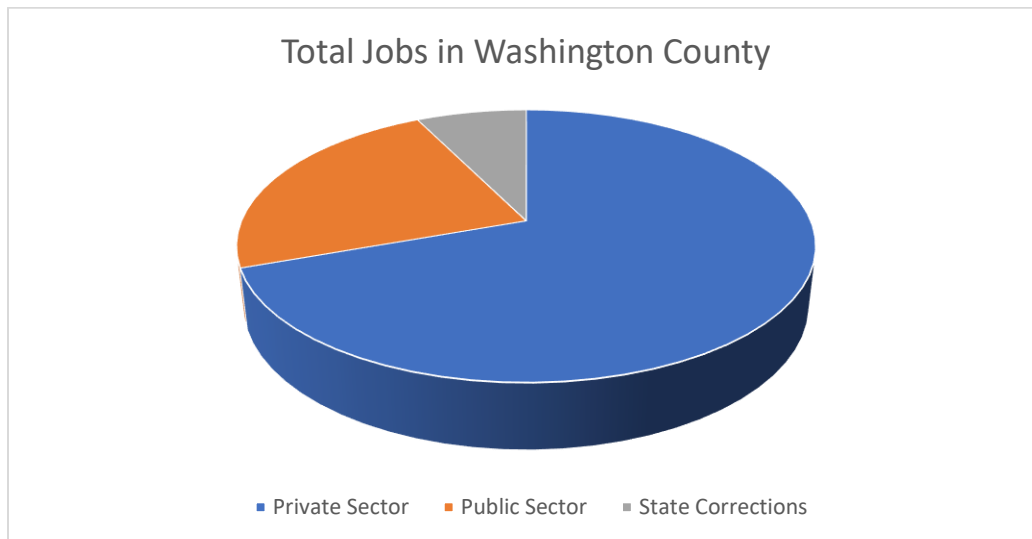
There were 1,292 employers* in Washington County employing 14,861 people at an average wage of \$59,956 which generated a total payroll in the County of close to \$900 million.

Of these;

- 1,197 were private sector employing 10,333 with an average wage of \$52,287
- 95 were public sector employing 4,528 with an average wage of \$77,454. Of which;
- 4 are NY State Correctional Institutions employing 1,091 with an average wage of \$138,948

Year	NAICS: TOTAL ALL INDUSTRIES	#	AVG # EMPI/JOBS	OVER YEAR CHANGE	PERCENT CHANGE	TOTAL WAGES	AVERAGE WAGES
2023	All Private and Public	1,292	14,861	132	.9%	\$890,999,353	\$59,956
2022	All Private and Public	1,277	14,729	193	1.3%	\$850,177,116	\$57,721
2021	All Private and Public	1,235	14,536	163	1.1%	\$784,578,364	\$53,975
2020	All Private and Public	1,198	14,373	-1036	-6.7%	\$706,493,960	\$49,154
2019	All Private and Public	1,176	15,409	-51	-.3%	\$705,530,279	\$45,787
2018	All Private and Public	1,196	15,460	158	1.0%	\$676,997,702	\$43,790
2017	All Private and Public	1,215	15,302	53	.3%	\$657,035,353	\$42,938
2016	All Private and Public	1,203	15,429	-155	1.0%	\$645,902,570	\$42,357
2015	All Private and Public	1,207	15,404	-21	-.1%	\$660,568,715	\$42,883

Source: NY Dol Annual Census of Wages (QCEW)



Source: Washington County Planning and DOL Census of Employment QCEW

*Note that this figure does not include self-employed, agricultural workers, armed forces, or elected officials.

New York identifies four State Correctional institutions in Washington County. Great Meadow is a maximum security Prison and Washington Correctional is a medium security facility located across the road. Great Meadow houses two subsidiary operations, a Behavioral Health Unit and a Residential Unit, both of which will be eliminated at closure.

A total of 649 positions will be eliminated from the county employment base of 14,861 jobs. That represents just over 4 ½% of all the jobs in the County. As an impact comparison, if 4 ½% of the 3.8 million jobs in New York City were lost that would equate to over 17k jobs eliminated in the city. This would likely be considered catastrophic.

To put it somewhat closer to home, the number of jobs in Warren County is 38,243. If 4 ½% of these jobs were to be eliminated that would equate to 1,720 jobs. For Saratoga County, the equivalent would be 4,000 jobs.

Additionally, the average wages of the State Corrections jobs to be eliminated are amongst the highest paid in the County; on average wages are more than double the average of private sector jobs. The average wage shown below does not include benefits. Higher paid jobs typically result in more discretionary spending that contribute to the local economy. The loss of these jobs will have significant economic impact to the County and surrounding area.

Year	NAICS 922140	#	AVG # EMPLOYMENT	OVER YEAR CHANGE	PERCENT CHANGE	TOTAL WAGES	AVERAGE WAGES
2023	State Corrections	4	1,091	-62	-5.4%	\$151,591,951	\$138,948
2022	State Corrections	4	1,153	14	1.2%	\$151,738,876	\$131,604
2021	State Corrections	3	1,139	-78	-6.4%	\$130,357,335	\$114,449
2020	State Corrections	3	1,217	48	4.1%	\$90,926,301	\$74,713
2019	State Corrections	3	1,169	21	1.8%	\$92,089,837	\$78,777
2018	State Corrections	3	1,148	5	.4%	\$84,561,376	\$73,660
2017	State Corrections	3	1,143	-9	-.8%	\$84,671,623	\$74,078
2016	State Corrections	3	1,152	11	1.0%	\$83,174,286	\$72,200
2015	State Corrections	3	1,141	-1	-.1%	\$81,819,638	\$71,709

Source: New York State Department of Labor Annual QCEW

Economic Impact is typically measured by three key values:

Direct impact is the immediate impact to the industry, in this case the loss of 649 jobs to the Correctional Institutions industry and the elimination of the related payroll.

Indirect Impact is business to business spending in the region necessary to create supply chain. For example, a local restaurant must purchase supplies to prepare meals served to customers who spend part of their paycheck there.

Induced impact is the result of employees pay spent in the area such as household, groceries, medical, entertainment costs, etc.

Better known as the multiplier effect, these values then can be extrapolated out to better understand the likely impact to jobs, total earnings, and total sales in the County. Economic Impact Analytic tools use statistical analysis to make these calculations. A commonly used tool for labor market analytics is Lightcast. The following output was produced by Camoin Associates using Lightcast.

Economic Contribution of the Great Meadow Correctional Facility

	Jobs	Earnings	Sales
Direct	649	\$ 130,308,799	\$ 168,653,034
Indirect	552	\$ 25,933,278	\$ 7,410,715
Induced	1,218	\$ 81,080,231	\$ 21,073,857
Total	2,419	\$237,322,308	\$197,137,606

Source: Lightcast, Washington County, Camoin Associates

This analysis indicates that the immediate loss of 649 jobs will ultimately result in 2,419 lost jobs. This is because the payroll associated with the lost job is no longer being spent on local business, who in turn are likely to eliminate jobs. While this estimate of lost jobs might seem high, it is a direct result of the fact that the wages of the 649 lost jobs are high.

Direct earnings are based on the New York Department of Labor QCEW data indicating average wages for NY State Correctional institutions (see chart page 4) with an added amount estimated for benefits. Indirect and induced earnings are calculated by Lightcast based on average earnings for the types of additional jobs likely to be impacted in the future and are estimated at \$237 million.

The sales figure indicated considers the fact that the earnings generated by the jobs that result in sales expenditure also mean the business that generated that sale can also generate sales from outside the County. In other words, if the job does not exist, the earnings are not spent at a local business, who in turn may lack resource to serve consumers outside the county. As a specific example Stewarts Shops has locations in Whitehall, Granville, Argyle, and Poultney Vt that are likely to be impacted. Stewarts anticipates a revenue loss from these stores of about 3% or about \$2k per store per week or a loss of about \$500k annually, which will result in a reduction of about 7 labor hours per week per store. Numbers are likely similar for Cumberland farms.

Between direct, indirect, and induced sales losses the total loss of sales revenue in the county is anticipated to be \$197 million. This is money not spent in our communities supporting local business. Additionally, this leads to loss of sales tax revenue to the County and municipalities. It should be noted that a second statistical analysis tool available to County Planning, Chmura’s JobsEQ, was used to validate these results, and the output from this indicated less impact to the indirect and induced jobs, but higher impact to sales.

To loosely estimate the loss of sales tax revenue the following assumptions were made. Of the Total Earnings, the majority is likely to be spent outside the County on items such as mortgage, insurance, or utilities, and some is spent in the adjacent surrounding area (indirect and induced spend). Estimating that approximately one third of earnings is likely spent in the County, and of this perhaps 25% is taxable we can roughly estimate that the loss of 649 Corrections jobs will potentially reduce sales tax revenue by close to \$600,000. Clearly, a lower or higher estimated local spend would alter this figure, so this table is presented as an example only.

Sales Tax from Earnings	
Total Earnings	\$ 237,322,308
Percent Spent in County	33%
Total Spent in County	\$ 78,316,362
Percent Spent on Taxable Goods	25%
Total Spent in County on Taxable Goods	\$ 19,579,090
Sales Tax Rate	3%
Washington County Tax Revenue	\$ 587,373

Source: Washington County Planning and Camoin Associates

It is also important to note that the economy of Washington County is largely driven by small businesses. Of the 1,292 employers in the County there are only 11 private sector employers with more than 100 employees, and this includes retail establishments such as Hannaford and Market 32 with multiple locations. Many of these establishments employ family members of the affected jobs at Great Meadow. As corrections officers relocate out of the area other local businesses and volunteer organizations will lose valuable employees as well. The School districts of both Whitehall and Granville could each lose just over 4% of their student population, and Hartford 3%. Extraordinarily, Fort Ann could lose up to 9% of their students. Approximately 116 children could be relocated from these 4 districts alone. Additionally, both administrative and teaching positions will be eliminated from these 4 districts either due to relocation of a corrections officer spouse employed in the schools or staffing reduction due to student population loss. Other districts are affected as well. While these consequences are factored in to the indirect and induced economic impact the overall impact represents more than just a calculated value; it embodies the backbone of Washington County.