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June 3, 2021

TO: Board of Supervisors
Agenda Date: June 8, 2021

FROM: Richard Egan, County Administrative Officer 

SUBJECT: Economic Impact Analysis of the closure of the California Correctional Center

RECOMMENDATION: Receive analysis. Provide direction to staff.

PRIOR BOARD ACTIONS: The Board has requested help from California Governor Newsom to intervene and reverse the California Department of Corrections and Rehabilitation's (CDCR) decision to close the California Correctional Center.

DISCUSSION: As requested by this office, the Center for Economic Development at California State University Chico has prepared an economic impact analysis of the closure of the California Correctional Center (CCC).

The analysis reports CCC's direct economic contribution to the community, as factors of:

- CCC's Total Payroll
- Number of CCC Employees
- Number of CCC Employees Living in Lassen County of Lassen
- Number of CCC Employees Commuting into Lassen County.

And, how losses of those contributions would result in decreased economic activity, jobs, revenue and tax base.

FISCAL IMPACT: Potentially significant negative impact, annually.

OTHER AGENCY INVOLVEMENT: City of Susanville

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Economic Impact of the Closure of the California Correctional Center (CCC) in Lassen County

The impact analysis below shows the current contribution of CCC to the economy; they also double in showing what losses could be incurred when CCC shuts down. All the tables above were generated using 2019 data.

TABLE 1:

Impact Summary	Copyright 2021 Minnesota IMPLAN Group, Inc.			
	Employment	Labor Income	Total Value Added	Output
Direct Effect	1,025.0	\$ 94,145,233.99	\$ 102,288,091.28	\$ 102,288,089.00
Indirect Effect	0.0	\$ -	\$ -	\$ -
Induced Effect	192.4	\$ 7,911,614.18	\$ 18,601,519.22	\$ 32,593,896.17
Total Effect	1,217.4	\$102,056,848.16	\$ 120,889,610.51	\$ 134,881,985.17

IMPLAN Group, LLC. IMPLAN 2019. Huntersville, NC. IMPLAN.com.

The impact summary above in the **TABLE 1** broadly shows California Correctional Center's contribution to the economy. The Direct Effect is the prison's contribution itself, while the Induced Effect is the impact the prison had on the economy through the expenditures of those who made labor income in the prison. Total Value Added refers to the impact of the prison, directly or induced, on GDP. Output refers to the total value of production in the year. In the Employment column we see that currently, CCC contributes approximately 1,217 jobs to the economy. Of these 1,025 are employed by the prison itself, while 192 individuals are employed as a result of these induced effects. Additionally, CCC has a total impact of \$120.89 million on GDP.

TABLE 2:

Top Ten Impacted Sectors by Employment		Copyright 2021 Minnesota IMPLAN Group, Inc.			
Sector	Description	Total Employment	Total Labor Income	Total Value Added	Total Output
540 *	Employment and payroll of state govt, non-education	1,025.0	\$ 94,145,233.99	\$ 102,288,091.28	\$ 102,288,089.00
510	Limited-service restaurants	14.4	\$ 322,413.52	\$ 557,224.83	\$ 1,163,215.12
490	Hospitals	14.1	\$ 1,197,100.05	\$ 1,414,271.99	\$ 2,675,026.01
493	Individual and family services	10.7	\$ 215,742.44	\$ 204,906.96	\$ 343,685.25
411	Retail - General merchandise stores	10.6	\$ 329,724.84	\$ 565,011.76	\$ 877,476.01
483	Offices of physicians	9.6	\$ 668,535.24	\$ 714,325.97	\$ 1,153,963.12
509	Full-service restaurants	8.7	\$ 203,232.11	\$ 322,991.59	\$ 568,562.12
521	Religious organizations	8.2	\$ 271,194.02	\$ 60,307.52	\$ 564,883.78
406	Retail - Food and beverage stores	7.6	\$ 315,841.28	\$ 439,432.45	\$ 657,911.99
534	Other local government enterprises	6.9	\$ 422,901.42	\$ 529,881.63	\$ 1,674,182.59

IMPLAN Group, LLC. IMPLAN 2019. Huntersville, NC. IMPLAN.com.

TABLE 2 shows the top ten impacted economic sectors ranked based on employment. Sector 540 is the prison itself while all the sectors below it are ranked by induced effects. We see here that the 192 individuals employed induced effects come from a variety of sectors. Limited-service restaurants and hospitals would be most affected by the prison's closure in terms of individuals likely to lose their jobs, but numerous other sectors will also see their ability to employ those impacted.

TABLE 3:

State and Local Tax Impact by Total							Copyright 2021 Minnesota IMPLAN Group, Inc.	
Description	Employee Compensation	Proprietor Income	Tax on Production and Imports	Households	Corporations	TOTALS		
Dividends					\$ 17,100.00	\$ 17,100.00		
Social Ins Tax- Employee Contribution	\$ 212,246.00					\$ 212,246.00		
Social Ins Tax- Employer Contribution	\$ 324,677.00					\$ 324,677.00		
TOPI: Sales Tax			\$ 1,075,052.00			\$ 1,075,052.00		
TOPI: Property Tax			\$ 846,872.00			\$ 846,872.00		
TOPI: Motor Vehicle Lic			\$ 27,963.00			\$ 27,963.00		
TOPI: Severance Tax			\$ 1,642.00			\$ 1,642.00		
TOPI: Other Taxes			\$ 110,524.00			\$ 110,524.00		
TOPI: S/L NonTaxes			\$ 14,445.00			\$ 14,445.00		
Corporate Profits Tax				\$ 224,638.00		\$ 224,638.00		
Personal Tax: Income Tax				\$ 2,228,890.00		\$ 2,228,890.00		
Personal Tax: NonTaxes (Fines- Fees				\$ 459,090.00		\$ 459,090.00		
Personal Tax: Motor Vehicle License				\$ 74,857.00		\$ 74,857.00		
Personal Tax: Property Taxes				\$ 43,607.00		\$ 43,607.00		
Personal Tax: Other Tax (Fish/Hunt)				\$ 10,244.00		\$ 10,244.00		
Total State and Local Tax	\$ 536,923.00	\$	\$ 2,076,499.00	\$ 2,816,688.00	\$ 241,738.00	\$ 5,671,848.00		

IMPLAN Group, LLC. IMPLAN 2019. Huntersville, NC. IMPLAN.com.

TABLE 4:

Federal Tax Impact by Total							Copyright 2021 Minnesota IMPLAN Group, Inc.	
Description	Employee Compensation	Proprietor Income	Tax on Production and Imports	Households	Corporations	TOTALS		
Social Ins Tax- Employee Contribution	\$ 5,006,997.00	\$ 44,990.00				\$ 5,051,987.00		
Social Ins Tax- Employer Contribution	\$ 4,592,533.00					\$ 4,592,533.00		
TOPI: Excise Taxes			\$ 112,833.00			\$ 112,833.00		
TOPI: Custom Duty			\$ 91,455.00			\$ 91,455.00		
TOPI: Fed NonTaxes			\$ 9,946.00			\$ 9,946.00		
Corporate Profits Tax					\$ 501,057.00	\$ 501,057.00		
Personal Tax: Income Tax				\$ 5,527,913.00		\$ 5,527,913.00		
Total Federal Tax	\$ 9,599,530.00	\$ 44,990.00	\$ 214,233.00	\$ 5,527,913.00	\$ 501,057.00	\$ 15,887,723.00		

IMPLAN Group, LLC. IMPLAN 2019. Huntersville, NC. IMPLAN.com.

The last two tables contain the impact of CCC on State and Local (TABLE 3), and Federal tax revenue (TABLE 4). From this we see that the prison contributes about \$5.67 million in taxes to state and local governments, and \$15.89 million to the federal government. The largest individual source of these funds for both federal and state and local governments is personal income tax revenue.