

Renewal, Inc. Economic Impact Report - July 2016

Executive Summary

Renewal, Inc. provides positive economic impact to the Greater Pittsburgh community in two primary ways:

- Organizational employment and purchasing
- Reentrant impacts as they work in the community

In addition, Renewal, Inc. services support positive behaviors that allow reentrants to remain out of prison after their treatment, thus avoiding a cost that would be paid by a County or State.

The following economic impact report based on data from June 30th, 2014 - July 1st, 2015 quantifies Renewal Inc.'s impact in each of these areas.

In summary, **Renewal, Inc. provides \$55.8 million in annual economic impact** as a result of their activities.

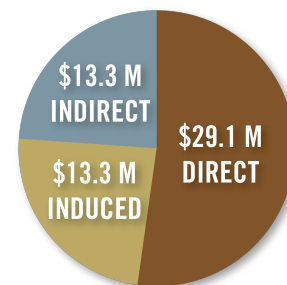
This impact supports 393 jobs in the Pittsburgh region, which includes their direct employment of 218 professionals and an additional 175 supported through their operations.

The total direct, indirect (i.e. from sales and services provided to Renewal, Inc.), and induced (i.e. from income earned by people working for or selling to Renewal, Inc.) economic impact of Renewal, Inc. reentrant and internal activities are summarized in this graphic.

In addition, through its inpatient and outpatient services, Renewal, Inc. reduces recidivism rates and is **saving the Commonwealth and County \$43.3 million annually.**

These figures demonstrate the broad impacts that Renewal, Inc. is having in the Greater Pittsburgh region and beyond.

RENEWAL INC. ECONOMIC IMPACT



TOTAL = \$55.8 MILLION

Background

This economic impact statement covers July 1st, 2014 – June 30th, 2015 and is based on impact modeling of both reentrant/ reentrants and operations. In addition, Fourth Economy analyzed the recidivism rates of Renewal, Inc. reentrants against average rates of recidivism published by the Institute for Research, Education and Training in Addictions.

Impact Modeling

An input/output model was created using IMPLAN to estimate the direct, indirect, and induced impacts that Renewal, Inc. is having in the community.

Figure 1



In this case, the direct impacts are related to both employment at Renewal, Inc. by program staff, and employment by program reentrants. The indirect impacts stem from the goods and services needed for both Renewal, Inc. and reentrant placement sites to do their work. The induced impacts are a result of spending by employees at Renewal, Inc., by reentrants who are employed in the community, and by employees of firms supported by Renewal, Inc. by way of indirect impacts.

Summary of Analysis

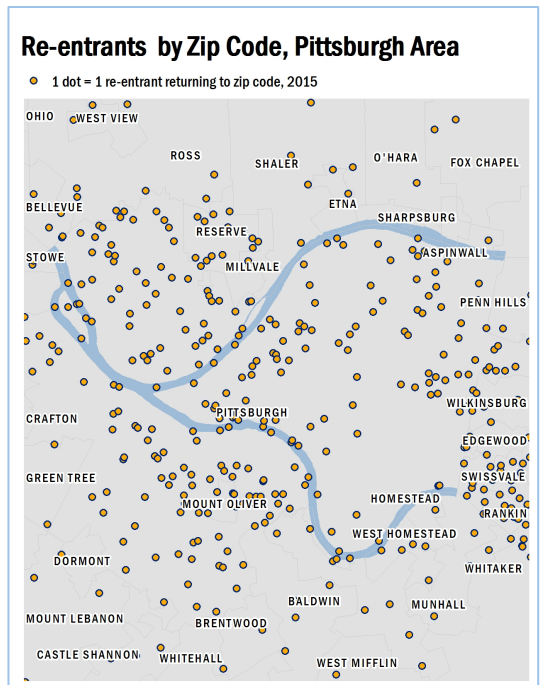
Activity 1. Renewal, Inc. Reentrant Impacts

Economic impacts stemming from Renewal, Inc. reentrant activities were estimated using two data types: reentrant wages and expenditures directly supporting residents' room and board. Most other expenditures at Renewal, Inc. are captured as indirect impacts in Activity 2 (Renewal, Inc. Employee Wage Impacts), but the expenditures directly paid to reentrants for household-type expenses were built into the reentrant Impacts model.

Renewal, Inc. reentrants who receive wages fall in two different categories: the Work Release Program and the GETPAID program. Reentrants participating in the Work Release Program received a total of \$2,170,600 from 2014-2015. In the same year, 23 reentrants participated in the GETPAID program, earning an average of \$9.76 per hour or an estimated total of \$448,960 for the year.

As a result, \$2,619,950 was added to the impact model in reentrant wages and distributed proportionately across the region's top five industries according to IMPLAN. This approach was adopted to reflect an assumption that not all reentrants are employed in the same sector locally.

In addition to the economic impact, Renewal, Inc.'s reentrants return to neighborhoods throughout the region and are able to play a more positive role in their communities. The map to the right shows the reentrant neighborhoods in the City of Pittsburgh and surrounding region.



The total estimated direct, indirect, and induced impacts of reentrant-related activities are as follows:

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	40	14	19	74
Output	\$7,146,685	\$2,437,483	\$2,724,459	\$12,308,628

Activity 2. Renewal, Inc. Operational Impacts

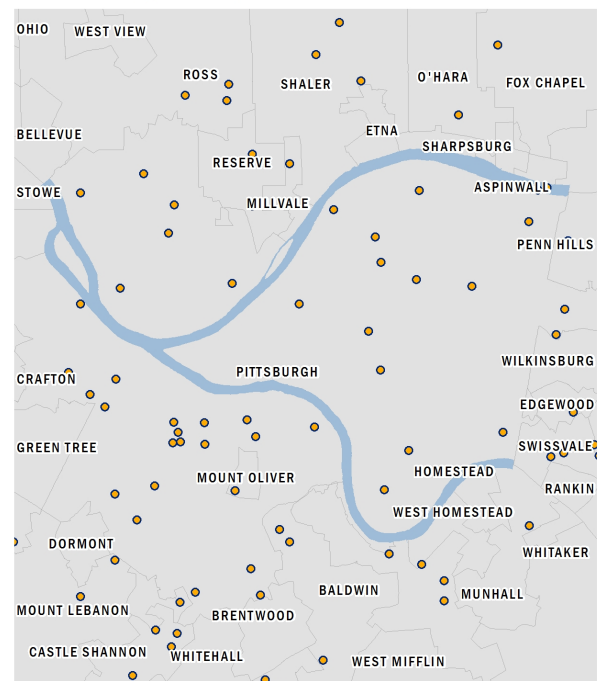
Renewal, Inc.'s employees live throughout the Greater Pittsburgh region as is illustrated on the map to the right.

Because Renewal, Inc. employee activities are necessary to drive the reentrant-related local economic impacts, Fourth Economy added a model to capture these activities. In the same year, the value of Renewal, Inc.'s payroll was \$8,104,449, which employed 178 full-time employees.

The direct, indirect, and induced impacts of Renewal, Inc.'s employee wages and internal operations follow:

Employees by Zip Code, Pittsburgh Area

1 dot = 1 employee's home zip code



	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	178	64	76	319
Output	\$21,986,650	\$10,879,765	\$10,665,992	\$43,532,406

Complete Economic Impact

The Renewal, Inc. Reentrant Impacts and Operational Impacts create over \$55.8 million in total economic impact in the region.

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Employment	218	79	96	393
Economic Output	\$29,133,335	\$13,317,248	\$13,390,451	\$55,841,034

Cost Savings Modeling

Fourth Economy reviewed the results of the “Program Evaluation for Renewal Treatment, Incorporated, Residential Drug and Alcohol Program” published in 2014 by the Institute for Research, Education and Training in Addictions to determine the recidivism rate of Renewal, Inc. inpatient and outpatient programs as compared with industry averages. This review noted that Renewal, Inc. program reentrants return to prison at a rate of 12.5% versus the industry average of 33%. In other words, 1 in 8 of Renewal, Inc. reentrants are re-incarcerated versus 1 in 3 if no treatment is received.

According to Pennsylvania Governor Wolfe, it costs \$41,000 annually to incarcerate someone in a Pennsylvania prison. We used this figure and compared the averages of Renewal, Inc. program reentrants and those provided by the benchmark information. **The results show that Renewal, Inc. saves the Commonwealth and County \$43.3 million annually in total and \$14.2 million annually above the benchmark figures¹.**

	Reentrants	Renewal Reentrants Remain out of Prison 1 yr out	Benchmark Remain out of Prison 1 yr out	Net Savings Above Benchmark	Overall Cost Savings
Inpatient	460	402.50	269.68	\$5,445,620	\$16,502,500
Outpatient	746	652.75	437.34	\$8,831,810	\$26,762,750
			Total	\$14,277,430	\$43,265,250

¹ This calculation is based on available information and assumes averages in terms of costs and length of incarceration to illustrate impact but is not a fully documented costs-savings analysis..