

RESOLUTION 76-29

To Support a Request of the Stone Belt Center
for Federal Revenue Sharing Funds

WHEREAS the Stone Belt Center has secured a grant from the State of Indiana in the amount of \$337,500 to construct a regional multi-purpose vocational rehabilitation building, contingent upon raising \$112,500 in local matching funds, and,

WHEREAS Stone Belt Center has raised \$58,000 in local funds and has need of an additional \$54,500, and

WHEREAS construction must begin in the very near future in order to prevent deobligation of the State grant, and

WHEREAS additional funding sources have been exhausted at this time, and

WHEREAS Stone Belt Center has secured the consent of a local lending institution to borrow the necessary \$54,500 if the City consents to provide these funds through federal revenue sharing in the future,

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA THAT:

SECTION I. The Common Council strongly supports the expansion of services for vocational rehabilitation in Bloomington and Monroe County.

SECTION II. The Common Council joins in supporting the efforts of Stone Belt Center to develop additional programs to enable the handicapped citizens of this community to lead fuller and more productive lives.

SECTION III. The Common Council agrees to award Stone Belt Center a total of \$54,500 in federal revenue sharing funds over a two year period during Calendar Years 1977 and 1978. This award is contingent upon the continued receipt by the City of Bloomington of federal revenue sharing funds, which are now being considered in the U.S. Congress under the title: "HR 13367, To Extend and Amend the State and Local Fiscal Assistance Act of 1972 - Fiscal Assistance Amendments of 1976".

SECTION IV. The Common Council in awarding these federal revenue sharing funds expects and anticipates forty percent of these funds (\$21,800), to be returned to the City of Bloomington by the end of Calendar Year 1978.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana upon the 5 day of August, 1976.



Clem J. Blume, President
Bloomington Common Council

SIGNED and APPROVED by me upon the 9 day of August, 1976.



Francis X. McCloskey, Mayor
City of Bloomington

SYNOPSIS RESOLUTION 76-29

To Support a Request of the Stone Belt Center for Revenue Sharing Funds

The Stonebelt Council for Retarded Citizens has obtained a grant from the State of Indiana for \$337,500 to construct a regional multi-purpose vocational rehabilitation building. Stonebelt is required to raise \$112,500 as local match. They have succeeded in raising \$58,000 in local funds and are requesting the additional \$54,500 from the City. This resolution would commit \$54,500 in revenue sharing to Stonebelt over a two-year period. This will enable Stonebelt to make a loan for the \$54,500, and will allow construction to begin in the very near future.

DD 106-7

Human Res.

Proposal by Stone Belt Council for Retarded Citizens for Construction of a Regional Multipurpose Vocational Rehabilitation Building

The Stone Belt Center serves handicapped children and adults of all ages living in Monroe and contiguous counties. Approximately 200 individuals are enrolled in preschool, school age and post school programs. Children and adults can be admitted by application from parent, guardian or any other appropriate source. Clients for the center come from a functional level that suggests they will not be capable of living and working independently as adults. No person is ever excluded from the programs of the center because of low functional level.

Five public school trainable classes are located in the Center. Programs are available for blind, and blind/deaf retarded persons. There is also an active program of infant stimulation housed in the present center. Post school clients are engaged in sheltered workshop and vocational education and rehabilitation activities.

The Center attempts to provide a continuum of services. Clients enter at any age and progress through preschool, public school, work evaluation, work adjustment and occupational skill training leading to placement in either competitive employment, transitional employment or extended employment in a sheltered workshop environment. Some clients will be expected to remain in the program for life, yet all activities at the center are designed to equip the clients to operate more independently. It is hoped that some will become self sufficient enough to someday leave the program.

The proposed new facility will be a one story, 15,000 sq. ft., cement block building, faced with limestone and designed to harmonize with the existing structures on the site. It will be connected to the present building by a covered walk way, but it will have its own heating and cooling systems.

This building will be used for the following adult services: occupational and physical therapy, vocational rehabilitation counseling, work evaluation, work adjustment and occupational skill training, transitional or extended employment, and placement and follow-up.

These adult services are now being carried out in the existing building along with the public school classes, infant stimulation, deaf and deaf/blind classes and all the other activities of the center. At the present time there is a two-month waiting list for the evaluation program. The Center has been asked by CAP, Mental Health Clinic and Madison State Hospital to accept individuals into its programs. Many adults from this area are in Muscatatuck State Hospital because they have no place to live or work. Children in the public school trainable classes will move into the adult programs when they reach the age of 18. The present rate of school-age children moving into the adult programs is three per year. Public school programs for the educable mentally retarded also occasionally refer individuals whom they are unable to place in competitive employment. The completion of this new building will greatly increase the capacity of the Center to serve the growing need in the community for services to the adult retarded population.

The new building will be designed to provide diagnostic services, treatment, education and sheltered workshop facilities to approximately 75 adults. This represents approximately a 70% increase in services to the population served. The diagnostic services that will be provided include psychological testing by a psychometrist, medical evaluation performed by private physicians, social services provided by the Center's full-time social worker and vocational evaluation provided by a team of vocational and rehabilitation counselors. The treatment services included will consist of speech and hearing therapy, physical therapy and occupational therapy. It is hoped that the new building will permit needed increase in the area of vocational education. With the present facilities, no more than forty adults can be accommodated in the sheltered workshop at any one time because of space limitation. It is hoped that comprehensive services can be extended to 70 to 80 additional adults who may need them at any one time.

The cost of the proposed building will be \$450,000. We have made application to the State of Indiana and received a commitment for \$337,500. That money is to be matched by a total of \$112,500 from local sources.

At this time the Stone Belt Council can provide \$57,790 toward construction. This means that sources must be found to generate an additional \$54,210 in order to secure the available money from the State.

If the community could find a way to secure the necessary funds, the Stone Belt Council could provide additional, badly needed, services to the adult retarded population. The appended economic impact statement will outline some of our reasons for urging that every effort be made to obtain the required local economic support in order to secure the State's backing of this project.

ECONOMIC IMPACT OF PROPOSED NEW STONE BELT BUILDING ON MONROE COUNTY

The proposed new building, if constructed and used, will bring into Monroe County, mainly from the state government, funds that will generate employment and income to citizens of Monroe County. In this addendum, we estimate what the total impact of these "outside" funds will be on Monroe County income for 1976 and a number of years into the future. Such estimates require data and a number of assumptions. Stone Belt has assembled some of the data. It is our task to use them with a reasonable set of assumptions. We will try to keep the assumptions as conservative as possible, so that what follows will be toward the lower end of the possible estimates.

Propositions and Methodology

When Monroe County government or citizens spend money in Monroe County on a project such as the proposed Stone Belt facility, no new income and employment are necessarily generated if the funds would have otherwise been spent. But when somebody outside of Monroe County spends the funds--that is, the State of Indiana--then additional employment and income are generated for Monroe County citizens. The Stone Belt facility, in effect, to the extent it is funded by the State, provides a service by Monroe County citizens for the whole State--as indicated by the willingness of the State to pay part of the needed money.

The income and employment attributable to the State money could be called the "direct income" and "direct employment" effects. The direct income generated within Monroe County, or at least part of it, will be spent within Monroe County, thereby generating income for ~~other~~ Monroe County. This could be called the "indirect income" generating effects of the State money. We do not know precisely the relation between direct and indirect incomes for Monroe County, because of a lack of such studies, but we do know the relationship for the U. S., and can

use this to make a tolerably good guess as to what it would be for Monroe County. For the U. S. as a whole, a dollar of income, as part of it is spent and respent, is widely thought by economists to generate another 3.5 to 4 dollars of income. The amount that would be generated for Monroe County of a dollar of income would be considerably less--because the citizens of Monroe County surely spend more of their incomes as items produced outside Monroe County than citizens of the U. S. spend on goods produced abroad. A reasonable and rather conservative estimate could be that a dollar of direct income to Monroe County would generate only one dollar of indirect income to Monroe County. With this estimated impact, we then need only double the direct income attributable to state funds to determine the total impact of these funds on Monroe County income.

The Impact of Constructing the Building

The new building is expected to cost in the neighborhood of \$450,000. This amount, however, will not all be spent in Monroe County--many items in the building would be purchased from supplies outside of Monroe County. Virtually all the on-site labor would be of Monroe County citizens. Typically some 25 to 30% of the cost of such a building would consist of payments in the form of wages to on-site labor. There are also some non-labor items, stone in particular, that would also be supplied by Monroe County firms, so that something in the order of 35% of the \$450,000 for the building would be spent in Monroe County. Thus, the building itself would generate about \$155,000 income for Monroe County.

But not all the funding for the building is to come from outside Monroe County. If the Monroe County groups--city and county government, and possibly others--contributes the \$50,000 requested, then this sum must be subtracted from the \$155,000 to obtain the direct income attributable to "outside" funding. Thus, \$105,000 in direct income will be generated for Monroe County by the construction of the building--all coming from funds that would otherwise not

be spent here. Since we should double the direct income to also account for the indirect income generated by the direct income, we could say that the total impact of the construction of the building on Monroe County income will be the order of \$210,000. It need only be pointed out that about half of this income will go to the construction industry, which is now suffering from high^{un}employment. If the building is started and finished this year, most of this income will be generated in 1976.

The Economic Impact via Staff Incomes

The Stone Belt Center also generates income by hiring staff, and the nature of the operation is such that a fairly high ratio of staff to clients served is required. In addition, some amount of income is earned by the clients in their work activity.

If the proposed facility were not built, not all the anticipated clients could be served. Undoubtedly in this event some additional clients could be accommodated, but most of these additional clients would either not be served or would have to go outside of Monroe County. If this were to happen, then the staff would be somewhat smaller, as would the funding from the State. We will therefore estimate the impact of the facility on staff and income on the reasonable assumption that the new facility will enable the expansion of services that would not otherwise be possible.

The experience of Stone Belt has shown that the number of staff in relation to the number of clients has varied fairly widely, as the nature of programs are changed. Also the composition of the staff has a high variability, ranging from unskilled janitors to highly skilled therapists. Because of this variability, we will use relationships based on Stone Belt's experience from 1971 to 1975: the use of 5 years will tend to "smooth out" most of this variability.

Based on these 5 years of experience, we can establish certain ratios which will enable us to make our estimate.

Over the last 5 years, the average number of clients served by Stone Belt per annum was about 86. (In addition, there were about 65 clients on average funded by the Monroe County School system, which we do not consider here.) The average annual size of this staff in these same five years was about 26. The actual ratio was therefore one staff member per 3.3 clients. We will be a bit more conservative and assume that in the future for each four clients there will be one staff member.

Over the last five years staff salaries plus a fairly small amount of income to client rose from about \$100,000 in 1971 to about \$285,000 in 1975. We can't use the annual figures themselves to calculate average staff salaries, because inflation has been so significant. Over this period, inflation increased at roughly about 7% per year. It is necessary to adjust pre-1975 income upwards to account for inflation, and to convert them all in "1975 dollars" When this is done, the average income of the whole staff over the 5-year period was about \$218,000 per year. With the average staff of 26, this works out to about \$8,400 annual compensation per staff member--in 1975 dollars.

In Stone Belt 1975-76 fiscal year, 115 clients are estimated to be served. The director of Stone Belt estimates that, with the new facility and the resulting expansion of the work-rehabilitation program, 170 clients will be served by Stone Belt by 1978/79. Thus, over this three year period the number of clients is expected to rise by about 55.

If the ratio of one staff member per four clients is maintained, then about 14 additional staff members will be required. To be conservative, let us say that only 10 will be hired; vocational-rehabilitation probably requires a somewhat smaller staffing per client served. If the average salary is maintained

at \$8,400 in 1975 dollars, which assumes raises to account for inflation, but not for other increases, then the new facility will generate \$84,000 in staff salaries per annum by 1978 or 1979. The increase will probably be gradual over the period from 1976 to 1979.

We cannot count this \$84,000 annual increase as attributable to outside money, because some portion of it comes from Monroe County. Over the last five years, about 62.5% of Stone Belt's operating receipts have come from outside Monroe County. One must apply this percentage to the \$84,000 so that by 1978/79 about \$52,500 will be generated as income per annum to Monroe County citizens from outside money. But this is only the direct income. A doubling of this figure to account for indirect income generated then gives a total income of about \$105,000 per annum.

Summary

The \$50,000 support requested for the new building from Monroe County groups can be reasonably expected to lead to a rather sizeable influx of outside money that will create income that would not otherwise be brought in. (Another possibility, of course, would be an alternative project where there is a similar ratio between Monroe County and outside funds). The full income effect in Monroe County would be about \$210,000 from the construction of the facility itself--all taking place approximately in 1976. By 1978 or 1979, there will be an annual increase in income, because of enlarged staff, of about \$105,000. It must be stressed that these increases are all attributable to outside support.

I. M. Grossack
Board Member and
Professor of Business Economics
and Public Policy, I.U.

that only 10 will be hired: vocational-

COMMITTEE Community Resources/Utilities/Public Facilities
LEGISLATIVE NUMBER Resolution 76-29
SUBJECT MATTER Supporting Stonebelt Center
ORIGIN Mayor's Office
DATE OF MEETING July 26, 1976
READING Second

RECOMMENDATION: DO PASS NO RECOMMENDATION AT THIS TIME
 TENTATIVE DO PASS; SUBJECT TO CONDITIONS BELOW
MINORITY REPORT FILED NONE

COMMITTEE DISCUSSION

* Committee unanimously recommended that the word "federal" be inserted whenever "revenue sharing" is used, & to list FRS act - ^{To extend and amend} state & local fiscal assistance act of 1972, in body of resolution.
* Committee recommended by a vote of 4 ayes: 1 nay: (Kenji) that a rider be attached so that Stonebelt will repay 40% of the \$54,500 by the end of the 1978 calendar year. The 40% is the estimated percentage of county residents using the Stonebelt facility.
* Committee unanimously recommended Do Pass as amended.

SIGNATURES OF COMMITTEE MEMBERS

Pat Kenji (YAC) _____
R.W. O'Connell _____
Chairperson
Honorable E. Downing _____
C. Blum _____