

PIBH NOTES

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 Charese Hill, editor

PRESIDENT'S CORNER



I was in Arizona recently and one of their TV stations, KPHO 5, ran a story in which they explained that \$45 out of every \$100 spent at a locally owned business stayed in the state. If the

\$100 was spent at a "local" national chain store; approximately \$13 would remain in the state. The story does not stop

there. When that \$45 is spent in a locally owned business, 45% or \$20.25 of it will stay in the state. When that \$20.25 is spent in a locally owned business, \$9.11 stays. And when that \$9.11 is spent in a locally owned business, \$4.10 stays in the state. \$4.10 produces \$1.85 which produces \$.83 and so on.

The money spent at the chain store leaves \$13 in the local economy. If that money is spent at a chain store, it produces and leaves \$1.69 which produces and leaves \$.21.

The state gross product is the sum of all goods and services. All local purchases equal \$181.16; all chain produces \$114.13 or 63% of the local option. By the way, a two year increase of 37% doubles a gross product.

It is probably not practical to ask all consumers to only buy locally. Maybe if they understood why the state is bankrupt and their taxes will have to be raised or vital services cut back they would consider it. Most people can only see the short term view and try to get the most for their money so they can buy more things they don't need. But you would think that governments would hire economists, maybe just one, who could explain the multiplier theory to them so that they can adjust their shopping habits.

I am from the old school of economic theory. Dr. Samuelson taught me the Keynesian Theory of economics. Keynes believed that the government had a major role in economic policy. He argued that the solution to depression was to stimulate the economy ("inducement to invest") through some

combination of two approaches: a reduction in interest rates and government investment in infrastructure. Investment by government injects income, which results in more spending in the general economy, which in turn stimulates more production and investment involving still more income and spending and so forth. The initial stimulation starts a cascade of events, whose total increase in economic activity is a multiple of the original investment. The multiplier theory follows the path of my Arizona model. In sum Keynes believed that a one dollar investment would return four dollars to the GNP at the national level. Because of borders it is less for the gross product of a state.

The problem is that we do not buy things made in America. So if that one dollar investment goes to China, there is little to no multiplier. It is even less than the AZ model of National Chains. That is particularly true of direct purchasing.

So if the State Government wants to increase the wealth of the Commonwealth, they should direct as much purchasing as possible within the state to local businesses that keep money within the state. A billion dollars spent that way would increase

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PRESIDENT’S MESSAGE

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the gross product of the state by three hundred and seventy million dollars per year.

When I have talked to DGS about this, they have responded that they cannot limit purchases to PA because other states would retaliate and refuse to buy from PA. But there is a way for them to buy goods and services from PA only and that is to buy it through PIBH.

That would accomplish three things. It would increase the wealth and tax base of the State; it would employ a lot more people with disabilities, which in turn would save the Commonwealth even more money. As you know, a dollar spent with PIBH returns about \$1.30 because of new taxes and reduction of other payments.

Bureaucrats look only for the best price irrespective of how much it hurts or helps the states. We need to educate them that there are major saving by purchasing locally that don't show up in the initial price.

Keep your letters and emails coming.

Al Baker
 President/ CEO
alb@pibh.org

It is required by Law that the Department of General Services perform Compliance reviews on many of PIBH’s contracts. The criteria which must be met for a successful review is the **Direct Labor Requirement** – The requirement that at least seventy-five percent (75%) of the personnel engaged in the direct labor related to Goods and Services in this Commonwealth must be persons with disabilities and the **Payment Requirement** – The requirement that at least 75% of the amount the Commonwealth Purchasing Agency pays for the Goods and/or Services be remitted to the Agency for Persons with Disabilities to cover Allowable Costs of the Agency For Persons With Disabilities in manufacturing Goods and/or performing Services. **To date 35 contracts have been reviewed for a total of \$35.7 Million and all were found to be in compliance.**

PLASTIC TRASH LINERS

The following trash liners are available for purchase on the PIBH Contract.

8105-7000-300 317975 LINER, PLASTIC, CLR, 16 X 14 X 36, 1.6MIL, 250/CS 20-30 GAL

8105-7000-305 317977 LINER, PLASTIC, CLR, 23 X 17 X 46, 1.6MIL, 150/CS 40-45 GAL

8105-7000-310 317978 LINER, PLASTIC, CLR, 24 X 20 X 48, 1.6MIL, 100/CS 55 GAL

8105-7000-315 317985 LINER, PLASTIC, CLR, 23 X 17 X 46, 2.2MIL, 100/CS 40-45 GAL

8105-7000-320 317986 LINER, PLASTIC, CLR, 24 X 20 X 48, 2.2MIL, 100/CS 50 GAL

Please refer to PIBH Change Number: 2009-1



**WINTER
 is NOT
 Over!**



It's not too late to order your PIBH SNOW SHOVELS and ICE SCRAPERS!

5120-4400-560 318162 SNOW PUSHER 44" long, fiberglass handle with "D" handle.

5120-4400-570 318163 SNOW SHOVEL 44" long, fiberglass handle with "D" handle.

5120-4500-500 318164 TAMPER 48" long, fiberglass handle with cushion grip. Head style solidcast iron.

Minimum order of 4 pieces is required.

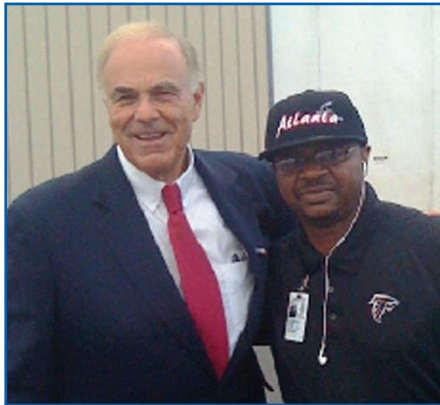
DISPOSABLE SAFETY VEST

Ideal for Clean-Up - this low cost vest is now Yellow-Green in color. Vest - style with tie strings. One size fits all. Packed 200 per case.

THIS IS NOT A PIBH CONTRACT ITEM.

8415-7000-010 \$153.46

Governor Rendell praises Eric King , Tri-County Association for the Blind (TCAB) custodial employee, for his effort to keep the Penn Dot Bureau of Aviation Building clean at the New Cumberland Airport. TCAB's Business to Business Custodial Division employs over 25 people who are blind, visually impaired or otherwise disabled. Tri-County Association for the Blind is a member agency of PIBH.



PIBH now has ANSI Approved 107-2004 compliant Yellow-Green Tee Shirts & Sweatshirts available for purchase.

For details contact - Ed Gribley at 1-800-447-8860 X 220.

PIBH TABLECLOTHS

PIBH has a large quantity of tablecloths available for immediate purchase. There are many colors and assorted sizes available. If your Agency has a need for these items, please call Diane Potteiger at 1-800-447-8860 for the details.

THE CHAIRMAN'S CORNER



At a recent holiday gathering I was in the company of a group of businessmen who were having a conversation concerning the nation's political and economic climate. The general theme of the discussion was that while social programs may have some limited benefits, in general, they are a drain on our economy, leads to deficit spending, and create disincentives among their beneficiaries preventing them from achieving the intended outcome. Knowing that I worked for a non-profit, I suspect that some of their comments were designed to elicit a response assuring them that I was just another bleeding heart. Naturally, I took the bait.

My argument was a simple one, one that is not based on emotion, or simple the social value of our program, but one of sound economic principles. PIBH and its member agencies provide quality products and services to the commonwealth at a fair market price. In turn, disabled Pennsylvanians are compensated for their work enabling the purchase of goods and service thereby adding to the economic health of their local community. In addition, hundreds of small businesses throughout the state provide materials and supplies the member agencies adding to the economic value of the program.

Finally, a variety undertaken during the last decade clearly indicate that what are often referred to as Set Aside programs for the employment of people with severe disabilities provide a clear economic benefits for both states and the federal government. These benefits are measured in terms of; wages earned and taxes paid reduced subsidies, and the receipt of quality goods and services.

During these difficult economic times, it is easy to point at government programs that are perceived to offer little or no economic value. However, the worked performed by PIBH and its member agencies clearly offers economic value to our employees, our customers, and our business partners. In these days of reduced budgets and belt tightening, PIBH remains a pretty good bang for your buck.

Dennis Steiner
Chairman



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