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STATE OF NEW JERSEY
DEPARTMENT OF INSTITUTIONS AND AGENCIES
DIVISION OF CORRECTION AND PAROLE

ANNUAL REPORT
of the
BUREAU OF STATE USE INDUSTRIES
Fiscal Year
1965-1966

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ANNUAL REPORT BUREAU OF STATE USE INDUSTRIES 1965-1966

To: Mr. Albert C. Wagner, Director
Division of Correction and Parole

August 1966

From: John C. Bonnell, Chief
Bureau of State Use Industries

John C. Bonnell 8/1/66

We forward herewith the Annual Report of the Bureau of State Use Industries for the fiscal year ending June 30, 1966. The detailed statement of the condition of the funds of the Bureau together with certain operating statistics will not be available before September and the information will be forwarded at that time to be attached to this report which is essentially a review of the 12 monthly reports.

The mission of the Bureau is to furnish coordinated staff technical services and finances necessary to maintain ongoing, self-supporting, diversified, industrial work or training programs for the non-minimum custody inmates in the operating units of the Division.

Financing of the operations is accomplished by means of a Revolving Fund which is restored by receipts from sales of the products or services of the shops to tax-supported institutions or agencies at the State, County and Municipal level.

Diversification of the product line continued through the year.

ADMINISTRATION

Some major problems encountered during the year were met with little room to spare. Growth in terms of additional inmate employment, new products or processes and modernization of production plant was limited. With few exceptions, existing operations sustained the effort to restore solvency.

Progress is reported as certain production controls and operating procedures installed in the 64-65 fiscal year were refined.

Rising costs of materials, salaries, equipment and services were experienced in every phase of the program which were countered in part, by a general price increase in last half of the fiscal year.

Delays in receipt of many materials, especially textiles, required establishment of new procurement patterns to provide lead times 4-6 months more than in the past. Occasional emergency purchases were necessary to maintain work schedules.

Capital improvements were below \$10,000.00 due to retrenchment dictated by the necessity of avoiding repetition of last years' operating losses.

Inmate training requirements increased with the rising employment turnover encountered in many of the shops. Some details were held at slightly lower levels in order to continue effectiveness of instructor personnel.

Emphasis on Quality Control continued. Purchasing and products standards were maintained with increased success. Packaging and delivery were improved. A Quality Assurance Staff Conference was held at Rahway on January 18 1966.

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The Bureau participated actively in two new programs involving Purchasing and Standards. A Purchasing Committee with representatives of the Purchase Bureau, Division of Administration and State Use met 6 times in October, November, January, February, March, April. With the creation of State Standards Committees, members of the Bureau staff were appointed and served on the Clothing and Household Committees.

It was also our privilege to work closely with the Bureau of Traffic Safety in the Division of Motor Vehicle, to standardize our Street and Traffic Sign Catalogue (Product Bulletin #13) which was issued May 1966.

STAFF TRAINING

All Bureau personnel participated in a 1 day Training Seminar on Supervisory Effectiveness at Rutgers on November 15, 1965.

Quality Assurance Staff Conference for Industrial Managers, Central Office staff, Quality Assurance committee members and State Use Advisory Council members was held at Rahway on January 18, 1966.

The Chief, Assistant Chief, Supervising Industrial Manager and Supervising Accountant participated in Departmental and Divisional training meetings; the Assistant Chief instructed in Correctional Training programs.

The Bureau staff prepared a 36 page report on Present Functioning for the Divisional Program under A.O. 1:39.

ORGANIZATION

Twenty-six shops were operated during the year. These accommodated 36 different types of industries in 6 institutions. At the close of the year the Bureau had 100 budgeted salary positions authorized and 94 filled.

In the field the Bureau employed 63 instructors and other operating personnel (an increase of 2) and 10 correction officers; Central Office employment is 21.

During the year members of the Central Office staff made 568 institutional visits and special field contacts; in addition, the Field Representative made 238 calls to the Using Agencies throughout the State plus public relations duties on State Use Exhibits at 6 conventions and meetings.

The staff traveled 38,157 miles during the year in their duties and the industries operated 4 trucks a total of 62,815 miles for delivery of products; in order to augment this service which encompassed the handling of about 6900 ton of products, contract services of \$20,515.12 were purchased from the outside.

STATE USE ADVISORY COUNCIL

This year, as in previous years, the Bureau continued to receive valuable assistance from the State Use Advisory Council which is in its 14th year of existence. Council membership remained at 10 until November when Dr. Bertram Crocker, W. Long Branch resigned due to inability to travel to meetings.

Council members at the present time are:

Chairman - Mrs. Maxwell Barus, Montclair - representing the public
Burnwell B. Banks, Orange - training and personnel
Bradford Cochran, Far Hills - finance
Harvey A. Collins, Ridgewood - small employer & labor (A.F.L.)
Malcolm Kirkpatrick, Jamesburg - management
Jack Lamping, Toms River - public relations
Robert J. Laird, Bloomingdale - labor (C.I.O.)
Norman Mallor, N. Caldwell - retailing
Herman Tublitz, S. Orange - management

The Council met five times during the year in September, October, December, March and June.

INDUSTRIAL INFORMATION

Shops of the Bureau

State Prison, Trenton

Auto Tag
Bakery
Clothing
Knitting
Machine Shop
Mattress
Printing
Upholstery

State Prison Farm, Rahway

Clothing #1
Clothing #2
Machine and Beds
Signs & Industrial Finishing
Shoe Manufacturing & Repair
Textile
Woodworking
Miscellaneous Manufacturing
a. Furniture Salvage & Repair
b. Carton Manufacture

Reformatory, Bordentown

Brooms
Commercial Laboratory
Metal Furniture
Mops
Salvage & Repair
Sheet Metal & Screen
Soap

Reformatory, Annandale

Bags & Baskets
Cannery
Feed Mill
Shoe Repair
Snow Fence

Reformatory for Women, Clinton

Clothing

State Hospital, Trenton

Occupational Therapy
(brush and weaving)

EMPLOYMENT

The shops furnished a 1003 full time jobs, slightly more than last year. 888 of these jobs were in the penal and correctional institutions and included about 19.7% of the inmate population. 115 patients were assigned to the detail of the Brush and Weaving Shop at the Trenton State Hospital for occupational therapy purposes.

The average annual output in sales per penal and correctional job was about \$2605.00 this year, up approximately 4% from last year. The turnover rates in the several shops continued to pose a large training problem as 2348 inmates were assigned during the year to fill the 888 jobs. This represents an average of 3.0 inmates for each job, up from last years figure of 2.5. The turnover rates for the several institutions compared with last years figures are shown below.

	<u>Average Jobs</u>		<u>Inmates Assigned During Year</u>		<u>Average inmates per job</u>	
	<u>65</u>	<u>66</u>	<u>65</u>	<u>66</u>	<u>65</u>	<u>66</u>
Prison	315	344	536	578	1.7	1.7
Rahway	278	250	762	686	2.7	2.7
Borden- town	115	109	411	561	3.6	5.1
Annandale	124	133	378	401	3.1	3.
Clinton	<u>54</u>	<u>52</u>	<u>146</u>	<u>122</u>	<u>2.7</u>	<u>2.3</u>
Total	<u>886</u>	<u>888</u>	<u>2233</u>	<u>2348</u>	<u>2.5</u>	<u>3.0</u>

STATISTICS

Balance Sheet and Operating Statement will be supplied in September as final results of the years' work must wait until inventory is priced and extended. Physical inventory as required by statute was taken this year on the last two working days of June.

SALES

Preliminary estimates indicate sales volume will be approximately \$2,313,189.00 about 6.4% above last years \$2,173,264.00. Prices were increased in March about 7% which accounts in part for increased revenue.

INMATE WAGES

Inmate wages are paid per Administrative Order 1:21-4 July 1, 1963.

For the Prison and its branches rates were 21¢ 25¢ 30¢ 35¢ and 43¢ per day; at Clinton Reformatory the rates were 21¢ 25¢ and 30¢ per day; and at Annandale and Bordentown the ranges were 16¢ 18¢ 20¢ a day. Total wages paid to inmates were \$60,619.28, up 4% from last year.

Average daily wage at Prison and Rahway remained at 33¢ with majority of the jobs on evaluation. Average working hours remained substantially unchanged from previous years, being 25-1/2 hours per week at Prison and Rahway; 35 at Clinton, Annandale and Bordentown.

AUDIT

Work on the recommendations of the Audit of April 30, 1965, continued, the following either being complete or in process of completion.

1. Formal records have been established for recording journal and interdepartmental transfer entries.
2. Items affecting inventory valuation are now properly recorded on stock cards.

3. Physical inventory counts are scheduled more frequently.
4. Adequate system for the exchange of information is instituted to permit satisfactory maintenance of the perpetual inventory record.
5. Periodic visits are made to various industries by Bureau accounting personnel.
6. Standard inmate payroll has been adopted for all institutions(except Annandale.)
7. Catalogue C has been revised by issuance of new price lists; Product Bulletin #13 revises Street and Traffic sign products and prices.

DEPARTMENT OF INSTITUTIONS AND AGENCIES

BUREAU OF STATE USE INDUSTRIES

Balance Sheet at June 30, 1966

Balance Sheet at June 30, 1965

<u>ASSETS</u>				
Current Assets:				
Cash	\$	175.00		\$ 175.00
Revolving Fund (Unencumbered Balance)		84,490.72		40,397.26
Encumbrances for open Purchase Orders for matls. & etc. not delivered by (6-30-66 (See attached schedule)		176,399.83		155,155.93
Accounts Receivable		<u>78,417.02</u>		<u>191,358.80</u>
		339,482.57		387,086.99
Inventories:				
Material & Supplies		574,442.49		453,927.18
Finished Products		370,614.43		338,692.40
Work in Process		<u>170,777.53</u>		<u>162,521.46</u>
		<u>1,115,834.45</u>		<u>955,141.04</u>
Total Current Assets		1,455,317.12		1,342,228.03
Fixed Assets:				
Machinery & Equipment		976,583.56		977,758.26
Less: Depreciation		<u>788,777.55</u>		<u>758,196.14</u>
Total Fixed Assets		<u>187,806.01</u>		<u>219,562.12</u>
TOTAL ASSETS		<u>1,643,123.03</u>		<u>1,561,790.15</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable		<u>48,564.64</u>		<u>52,489.28</u>
Total Current Liabilities		48,564.64		52,489.28
Net Worth 6-30-65		1,509,300.87		1,541,418.56
-Adjustments to Capital & Surplus		<u>- 754.85</u>	+Adj.	<u>740.40</u>

Balance Sheet at June 30, 1966

Net Worth 6-30-65 (adjusted)	1,508,546.02	
ADD: Net Profit	<u>86,012.37</u>	
Capital & Surplus 6-30-66		1,594,558.39
TOTAL Liabilities and Capital		<u><u>1,643,123.03</u></u>

Balance Sheet at June 30, 1965

	1,542,158.96	
-Loss	<u>32,858.09</u>	
		1,509,300.87
		<u><u>1,561,790.15</u></u>

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DEPARTMENT OF INSTITUTIONS AND AGENCIES

BUREAU OF STATE USE INDUSTRIES

OPERATIONAL STATEMENT

Fiscal Year Ending June 30, 1966

Fiscal Year Ending June 30, 1965

SALES		2,313,189.00		2,173,264.75
COST OF GOODS SOLD:				
Material & Supplies Used	1,349,172.74		1,250,063.09	
-: Decrease Finished Products & Work in Process Inventories	<u>45,544.47</u>		Add: <u>89,589.24</u>	
COST OF GOODS SOLD		<u>1,303,648.27</u>		<u>1,339,652.33</u>
GROSS PROFIT ON SALES		1,009,540.73		833,612.42
OPERATING EXPENSES:				
Salaries & Wages:				
Instructors, etc.	447,338.02		387,137.98	
Correction Officers	69,367.23		83,192.07	
Administrative, Clerical, etc.	132,751.38		122,620.24	
Inmate Wages	<u>60,619.28</u>		<u>58,463.96</u>	
		710,075.91		651,414.25
INDUSTRIAL EXPENSE:				
Freight & Cartage	20,445.17		21,124.95	
Light, Heat, Power, Gas & Water	37,195.34		40,883.25	
Repair & Repair Parts	31,460.05		24,446.33	
Depreciation	34,053.28		31,063.63	
Rents & Royalties				
Machinery & Equipment	<u>770.00</u>		<u>320.00</u>	
		123,923.84		117,838.16

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OPERATIONAL STATEMENT

Fiscal Year Ending June 30, 1966

Fiscal Year Ending June 30, 1965

INDIRECT & MISC. EXPENSE:

Insurance	914.01	
Stationery & Printing	4,629.47	
Telephone & Telegraph	3,838.05	
Compensation Awards	1,014.66	
Pension Fund	27,225.27	
Social Security	11,652.86	
Health Benefits	7,240.53	
Miscellaneous Expense	<u>39,000.26</u>	
		<u>95,693.21</u>

	5,923.08	
	3,964.54	
	4,335.25	
	297.51	
	33,621.39	
	12,713.18	
	6,562.32	
	<u>35,362.67</u>	
		<u>102,779.94</u>

Total Operating Expenses	<u>922,692.96</u>	
Net Profit From Operations	<u>79,847.77</u>	
Add: Discount Earned	<u>6,164.60</u>	
Net Profit	<u><u>86,012.37</u></u>	

		<u>872,032.35</u>
Loss:		<u>38,419.93</u>
		<u>5,561.84</u>
Net Loss		<u><u>32,858.09</u></u>

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F. Y. Ending June 30, 1966

DEPARTMENT OF INSTITUTIONS AND AGENCIES
 BUREAU OF STATE USE INDUSTRIES
ANALYSIS OF SALES AND DISTRIBUTION OF LABOR

<u>Institution & Industry</u>	<u>Sales</u>	<u>Outside Labor</u>		<u>Inmate Labor</u>		
		<u>Instructors Etc.</u>	<u>Correction Officers</u>	<u>Monthly Average</u>	<u>Total Trained During Year</u>	
<u>N. J. State Prison</u>						
Auto Tag	\$298,601.34	3	1	75	106	
Bakery	53,444.42	1	-	29	55	
Clothing	234,869.39	5	2	118	180	
Knitting	1,654.72	1	-	-	1	
Machine	6,522.98	1	1	12	22	
Mattress & Upholstery	112,986.43	2	1	40	69	
Office	-----	2	1	13	34	
Printing	148,598.53	4	1	36	91	
Storeroom	-----	1	1	11	20	
Trucking	-----	3	-	-	-	
Total	<u>\$856,678.01</u>	<u>23</u>	<u>8</u>	<u>334</u>	<u>578</u>	
<u>N. J. State Prison Farm, Rahway</u>						
Clothing #1	64,391.34	2	1	36	80	
Clothing #2	78,715.50	1	-	37	116	
Machine & Beds	29,368.17	2	-	11	34	
Misc. Mfg.	48,230.85	1	-	6	21	
Off. Storeroom	-----	4	-	23	84	
Paint	47,352.61	1	-	15	44	
Shoe Mfg.	104,850.01	2	-	46	103	
Textile	115,971.80	2	-	41	98	
Trucking	-----	1	-	-	3	
Woodworking	67,008.49	3	-	35	103	
Total	<u>\$756,421.77</u>	<u>19</u>	<u>1</u>	<u>250</u>	<u>686</u>	
<u>N. J. Reformatory, Clinton</u>						
Clothing	Total	\$117,578.42	4	-	52	122

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F. Y. Ending June 30, 1966

ANALYSIS OF SALES AND DISTRIBUTION OF LABOR

<u>Institution & Industry</u>	<u>Sales</u>	<u>Outside Labor</u>		<u>Inmate Labor</u>	
		<u>Instructors Etc.</u>	<u>Correction Officers</u>	<u>Monthly Average</u>	<u>Total Trained During Year</u>
<u>N. J. Reformatory, Anrandale</u>					
Bag	\$ 12,169.51	-	-	5	15
Basket Making	2,181.00	-	-	2	11
Cannery	55,640.17	3	-	51	213
Feed Mill	329,858.02	3	-	28	94
Shoe Repair	6,196.20	1	-	13	46
Snow Fence	50,741.34	-	-	34	22
Total	<u>\$456,786.34</u>	<u>7</u>	<u>-</u>	<u>133</u>	<u>401</u>
<u>N. J. Reformatory, Bordentown</u>					
Broom Mfg.	12,971.30	1	-	11	24
Commercial Lab.	23,790.27	1	-	5	30
Metal Furniture	79,919.50	2	-	27	59
Mops	17,953.48	-	-	4	10
Office	-----	2	-	-	-
Salvage & Repair	-----	1	-	-	-
Sheet Metal	47,931.91	2	-	36	89
Soap	117,207.43	1	1	26	212
Total	<u>\$299,707.89</u>	<u>10</u>	<u>1</u>	<u>109</u>	<u>424</u>
<u>N. J. State Hospital, Trenton</u>					
Occupational Therapy	\$ 25,956.57	-	-	115	137
<u>Central Office</u>					
	-----	21	-	-	-
TOTAL	<u>\$2,313,189.00</u>	<u>84</u>	<u>10</u>	<u>993</u>	<u>2348</u>

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