

REPORTS SUBMITTED

to

LEGISLATIVE RESEARCH COMMITTEE Sub Committee on "All Other" Costs



FARMS=MAINTENANCE

Department of Mental Health and Corrections Room 700, State Office Bldg., Augusta, Maine

COMMISSIONER

MARCH-1964

(Published under Appropriation No. 4717)

Legislative Research Sub Committee

on

ALL OTHER Expenditures

Senators

E. Perrin Edmunds, Chairman Samuel A. Hinds

Representatives

David J. Kennedy, Speaker of the House John E. Gill // Archie L. Humphrey Louis Jalbert

March 2, 1964

To The Honorable E. Perrin Edmunds, Chairman; and Members of The Legislative Research Sub-Committee on "<u>ALL OTHER</u>" Expenditures:

Please find herewith, in accordance with your suggestions, data compiled as a result of a complete survey of:

- (1) The Departmental Farm System
- (2) Maintenance Costs for Institutional Employees

We are prepared to discuss these matters more fully if you wish. The Staff of the Central Office have been most cooperative in assisting the Commissioner with the preparation of these studies.

Sincerely,

Walter F. Ulmer Commissioner

.

.

· · ·

MEMORANDUM #37

March 2, 1964

SURVEY OF MAINTENANCE CHARGED STATE INSTITUTIONAL EMPLOYEES

Surveys regarding this matter have been made in the State of Maine periodically since 1951. We find also similar surveys in states throughout the country. We have studied recently several such surveys for comparisons.

Maintenance charged at the various institutions within the Department of Mental Health and Corrections may be divided into the following two categories:

(1) Living quarters (houses, apartments, rooms)

(2) Meals

<u>General</u>

The Commissioner and staff members in this Department have been fortunate in having had available recent surveys of maintenance charged from <u>over 30 etates</u>. These resumes have been carefully studied. Attempts have been made to <u>codify</u> and catalogue and compare the various rates and to evaluate other considerations regarding <u>housing</u> and <u>meals</u>. It is very difficult to find a <u>definite</u> trend. However, some statistics have been compiled from the following source material:

- "A Survey of Working Conditions, Fringe Benefits and Salaries for Public Hospital Employees" - compiled by the American Federation of State, County and Municipal Employees, Washington 1, D. C. (1960).
- (2) A survey on staff housing at state institutions, State of Minnesota (1960).
- (3) A survey of housing and meals, State of Connecticut (1959).
- (4) Data from 30 separate states, received by the Department of Mental Health and Corrections in January, 1964.
- (5) Review of the regulations setting up charges for <u>meals</u> and <u>housing</u> in the State of Maine (1951 with amendments).
- (6) Review of the <u>file material</u> regarding charges for maintenance as maintained in the Department since 1950.

MEALS

Two major items seem to be of concern here:

- (1) Is the State of Maine being properly reimbursed for meals made available to State employees?
- (2) Are the charges for meals in the State of Maine in line with those as charged by the other states?

We have made extensive studies to properly determine the <u>cost</u> <u>per meal</u> of <u>food</u> supplied or issued to State employees in our institutions. We present herewith a study which is the result of studies on the part of Business Managers and the Central Office.

The figures, I think, will show clearly the relationship between <u>cost of meals</u> and <u>amount received by the State of Maine</u>. The State of Maine, we find in general, receives sufficient income to take care of any expense involved in supplying meals to employees. In fact, these figures may well serve as a basis for some future changes in our present policy for reimbursement for employee meals particularly those so-called "<u>on-duty</u>" meals which should be available for a minimum charge.

Some other interesting statistics are presented herewith:

Approximately 15% of all employees eat (equivalent of three meals daily) at our institutions.

Hence, it would appear that if the meals are "real economy" for the employee, certainly more employees would avail themselves of this opportunity.

The major reasons that institutions must provide meals for employees is the fact that the institutions require coverage for <u>24 hours every day</u> of the year. Services of many of the employees are required to operate the institution at all times.

Meals (and living facilities) in institutions are charged by payrell maintenance deductions from the employees' salaries. This income goes direct to the Undedicated Revenue of the State.

> Income for seven (7) months' period ending 1/31/64 from meals was . . . \$93,463.00

Is Maine in line with other states regarding charges for meals served employees? The answer is <u>yes</u>. We note from the charts that about <u>12</u> states out of <u>30</u> have a charge of up to a maximum of 35¢ a meal. Maine is in this category. If we analyze it from the standpoint of <u>yearly</u> charges for meals, wherein it is assumed that an employee eats 52 weeks a year, paying \$8 a week for 52 weeks, then we find that Maine is one of the highest of any state. (Report on Food Cost to Legislative Research Committee) (Department of Mental Health and Corrections)

.

AVERAGE COST PER MEAL SERVED TO INMATES AND PATIENTS, EMPLOYEES AND DEPENDENTS ALL INSTITUTIONS FOR SIX MONTHS PERIOD ENDING DECEMBER 31, 1963

MEAL COSTS	Raw Food Expenditures	Avg. No. of Meals Served
Augusta State Hospital	\$154,071.75	939,264
Bangor State Hospital	102,612.99	660,229
Pineland Hospital & Training Center	134,045.25	687,288
Maine State Prison	69,550.51	269,605
Boys Training Center	36,846.06	120,090
Stevens Training Center	18,626.03	53,670
Reformatory for Men	40,030.99	123, 585
Reformatory for Women	11,088.43	25,395
Military & Naval Children's Home	3,286.44	19,550
Gov. Baxter State School for the Deaf	12,650.63	46,711
Totals	\$582,809. 08	2,945,387

Average Cost per Meal Served - Raw Food only\$.20

Average Cost per Meal Served, based on <u>Total Dietary</u> <u>Expenditures</u>\$.29

It should be noted this is an overall Average Cost for all feeders per Meal.

From Institutional Records: - Employees/Dependents only

Cost per meal served to <u>Employees</u> and <u>Dependents</u> for the period averaged.....\$.30 based on <u>Raw Food Costs</u>

Total <u>Dietary Services</u> for preparation and serving of Employee/Dependent Food averaged <u>per meal</u>\$.53 (This does not include: Fuel, depreciation, lights or purchase of equipment) (Report on Maintenance to Legislative Research Committee - 3/3/64) (Department of Mental Health and Corrections)

INCOME (UNDEDICATED REVENUE) TO TREASURER, STATE OF MAINE, FROM EMPLOYEE/DEPENDENT MEALS SIX MONTHS PERIOD ENDING DECEMBER 31, 1963

MEAL INCOME	Undedicated Revenue to the State	Avg. Number Meals Served to Employees/Dependents
Augusta State Hospital	\$16,315.87	31,500
Bangor State Hospital	17,116.12	29,808
Pineland Hospital & Training Center	20,772.18	45,978
Maine State Prison	3,438.75	8,604
Boys Training Center	5,105.33	11,598
Stevens Training Center	3,922.52	4,968
Reformatory for Men	3,135,24	16,602
Reformatory for Women	2,506.09	5,046
Military and Naval Children's Home	1,874.58	5,040
Gov. Baxter State School for the Deaf	4,280.80	11, 322
Totals	\$78,467.48	170,466*

* Number of persons eating supplied from Institutional records.

March 2, 1964

SURVEY ON MAINTENANCE TO LEGISLATIVE RESEARCH COMMITTEE

Where does <u>MAINE</u> stand relative to its charges compared to charges in other <u>STATES</u>?

* RANGE OF YEARLY	CHARGES FOR	: (1) R	00M; (2)	BOARD;	(3) LAUNDRY
Connecticut	\$ 31	5			
Massachusetts	35.	5			
Kansas	36)			
South Carolina	36)			
Vermont	36)			
Minnesota	420)			
Arkansas	48)			
Oregon (A)	480)	<u>\$</u>	480 - Me	dian_
Michigan	480)			<u>N</u>
Washington	540)			
MAINE	••••• <u>57</u>	2			
Kentucky	600)			:
Oregon (B)	600)			÷.
Texas	600)			
14	\$6,52	- 5 : 14 =	= <u>\$</u>	466 - Me	an

* 1959 Surveys of States Listed

March 2, 1964

MAINTENANCE SURVEY

Typical Quotes from regulations of Various States on Food Costs

FOOD - MEALS

"All employees have access to hospital cafeterias - prices based on <u>raw food costs plus 50%</u>" (N.C.)

"Employees may purchase meals in the hospital cafeteria the charge is cost of <u>raw food plus a 15%</u> markup for overhead," (Md).

"Meal Tickets are sold based on food cost." (South)

"All employees of the Hospital are permitted to eat one meal daily without charge." (Middle West)

"Meals, as taken, are priced at \$.35." (Mass.)

"Officers and Employees . . . may be permitted to purchase meals at the Institution by payroll deductions on a monthly basis of \$10 per month per meal." (State #9 - Midwest)

"All Employees may purchase services from the Institution when available at the following rate:

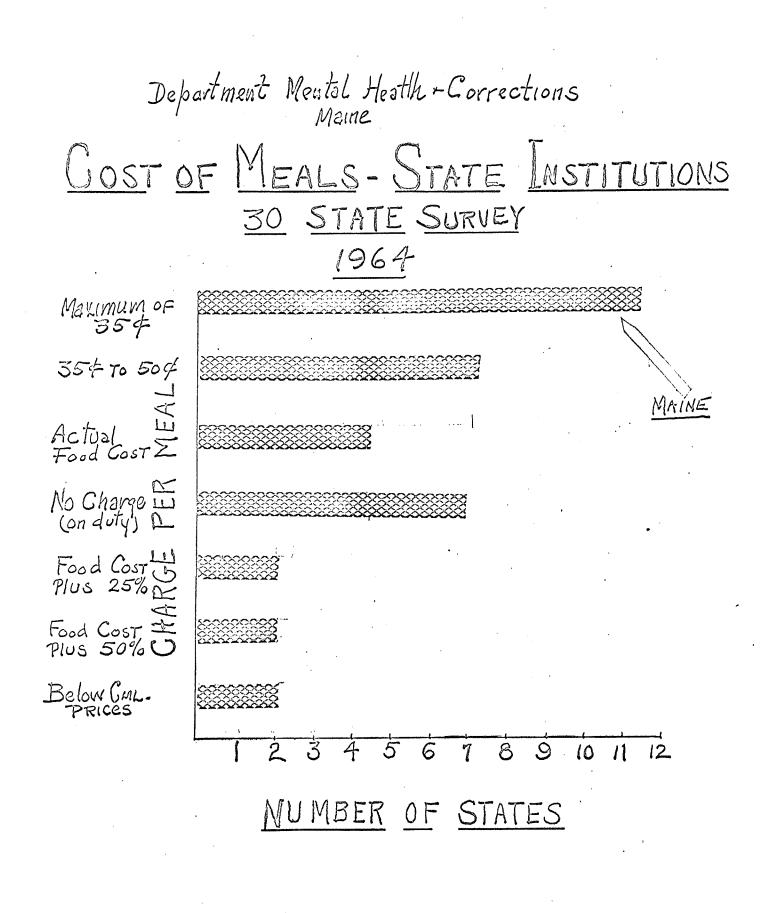
\$30 month for meals for adults \$15 per month for meals for children age 2 - 15." (Texas)

"One meal, while on duty, is furnished each employee daily other meals are purchased on a meal ticket basis at a cost of \$.45 per meal." (Nevada)

"Meals at Hospital Cafeteria - Breakfast, \$.30; Dinner, \$.40; Supper, \$.40." (Southwest)

"The cost per day for our Psychiatric Aides, Maintenance people, etc., is \$.85." (West)

"Food is offered to authorized hospital personnel - \$4.00 monthly charge per meal." (Puerto Rico)



Leg Research Cour

LODGING

Under this category we find a <u>wide variance of charges</u> throughout the states. The various categories to be considered, of course, are (a) single rooms; (b) apartments; and (c) houses. For example, the State of Maryland, Department of Mental Hygiene, has <u>11,098</u> housing spaces, including 123 apartments and 77 houses. In Maine, we have the following:

In many states it has been the common practice to allow the Superintendent and certain key staff personnel housing without cost. Of course, for a true evaluation of how this compared with Maine, we must also compare the <u>salaries</u> of those personnel with those in Maine. This comment is offered merely to show the broad, liberal policies followed in many states. This is, of course, in order to recruit and retain personnel with the highest qualifications possible.

Typical examples of the charge in various states follow:

In the southern states, generally, the charges are a bare minimum.

In Mississippi, there is <u>no charge</u> for meals and lodging.

Louisiana - <u>\$50 for full maintenance</u> for a month and another Louisiana hospital \$25 for a month.

Kentucky - \$40 for the month,

Illinois State Hospital - \$60 a month.

In New York the house rental is \$50 a month.

In some communities where state hospitals are located, the charge is 50% of the going rate in the community for lodging and quarters.

It can be seen that there is apparently no real trend to be noted in observing the charges for housing in the various states. They range from <u>no charge</u> to a sliding scale of charges with <u>all</u> types of variation as to amounts. Some Variations (noted in study of 30 states) in establishing <u>Charges</u> for Lodging (Rooms, Houses, Apartments):

- Type and Location of Facility physical condition, capacity
- (2) Position of the person occupying quarters
- (3) <u>Number of people</u> (employees, dependents) sharing the quarters
- (4) <u>Type</u> and <u>Quantity</u> of Supplies (soaps, etc.) and <u>services</u> furnished (laundry, household help, etc.)

The Need: It should be emphasized that sufficient and adequate living accommodations must be available at all our institutions.

Housing is essential:

- (1) To recruit and <u>retain</u> essential, high caliber "key" clinical and administrative personnel
- (2) To permit <u>operation</u> "around the <u>clock</u>" (24 hours daily) of all institutions
- (3) To permit employment of personnel over long periods and "irregular hours", if necessary, to maintain <u>Safety</u>, <u>Security</u> and <u>Emergency Situations</u> (fire, escapes, storms, etc.)

It is, therefore, <u>mandatory</u> (by Statute and by policy) that certain personnel reside on the institutional grounds. They must have housing of a standard commensurate with their responsibilities and in line with similar professionals in the community.

Charges and Income in Maine

Wide variance in charges noted by a survey of 35 states permits no positive conclusions regarding an "average" or "normal" charge.

IN MAINE:

Single rooms\$12.a monthApartments(vary with size, etc.) - Up to \$54 a monthHouses\$54 a month (Avg.)

<u>NATION-WIDE</u>: (Samples only of selected rates in several states)

Homes-Apartments Monthly

Up to \$50 - 40% of those states evaluated \$50 to \$75 - 40% of those states evaluated Above \$75 - 20% of those states evaluated Single Rooms Monthly

Up to \$6 - 33% of states evaluated \$6 to \$10 - 12% of states evaluated \$10 to \$16 - 55% of states evaluated

We must recall, however, the <u>real</u>, compelling reason for providing quarters. It is for the convenience of the <u>State of Maine</u> in permitting 24-hour coverage, and <u>not</u> for the <u>sole benefit</u> of the employee.

There is a definite common practice throughout all the states to give consideration to the value of <u>housing</u>, <u>meals</u> and <u>other</u> <u>services</u> to employees as an <u>inducement</u> to employment and particularly to those of the higher staff of professional administrators and other essential clinical staff.

Many states provide at <u>NO</u> <u>CHARGE</u> living quarters for key personnel - also for certain supplies and services (such as laundry, supplies, etc.)

<u>INDICATIVE OF RATES IN A NEIGHBORING STATE</u>: (From a notice of a "position vacancy")

- (1) Superintendent of Hospital Annual Salary, <u>\$13,232</u> to <u>\$14,896</u> plus <u>Complete</u> <u>Family Maintenance</u> (with a possibility of a \$2,000 increase in the near future)
- (2) Assistant Superintendents Annual Salary, \$10,634 to \$12,220 plus <u>Complete</u> Family <u>Maintenance</u>
- (3) Same maintenance charges for: <u>Clinical Director</u> <u>Staff Psychiatrists</u>

INCOME IN MAINE FROM HOUSING:

It is recognized that, as in other states, monetary considerations as income to the State Treasurer is <u>not</u> the <u>compelling reason</u> for providing of Staff Living Accommodations. It is and, I feel, must always be a form of subsidy in return for "Services for the convenience of the State." It is so recognized in all of the States. It has also been the policy in Maine for over twenty years.

The "average" or "normal" charge made in Maine for living accommodations appears to be "in line" with that charged elsewhere in a "country-wide" survey of <u>35 states</u>. It is not the highest or the lowest.

The schedule of rates in Maine is the result of considerable study and effort on the part of the Central Office Staff back in 1951 - with changes made subsequent thereto. It appears generally reasonable and adequate. There are some changes in rates indicated in certain areas - (i.e., meals "on duty," laundry services, and other items as further surveys and study may indicate such changes.

> The income for the <u>fiscal year</u> ending <u>June 30</u>, <u>1963</u>, for <u>Meals</u> and <u>Housing</u> was \$251,827

> For Housing <u>only</u> - six months ending December 31, 1963 \$ 53,220

Recommendations: The Commissioner recommends no changes in rate schedule <u>at this time</u> but emphasizes that future recommendations may be made, based on a continued Study of Maintenance Charges, Salaries and Rates in other States.

WALTER F. ULMER, COMMISSIONER

STUDY OF THE DEPARTMENTAL

FARM SYSTEM

Statutory References (Sec. 1 and 5, Chapter 27, Revised Statutes, of 1954)

"The Commissioner shall appoint . . . a Departmental Farm Supervisor. The Department shall establish such rules and regulations . . . for the care and management and the custody and preservation of property of all State Institutions . . , and for the production and <u>distribution</u> of Farm, Dairy and Industrial Products of the said institutions.

Reference Material

- (1) Departmental Farm Directives Nos. III and XI attached herewith.
- (2) An "Economic Analysis of the Institutional Farm System" prepared in 1962 by Mr. Otto Irvine, Departmental Farm Supervisor. (Copies of this pamphlet available to Committee Members.)
- (3) Statistics and data on accompanying Plates 1 through 10. (Figures taken from Controller's analysis sheets and Departmental Records.)

Report To: Legislative Research Committee

EVALUATION OF THE DEPARTMENTAL FARM SYSTEM

What is its scope and objectives? Is it economically feasible? What are the departmental recommendations?

<u>SCOPE</u> Six Institutional Farms are now operating. The State of Maine (Farm System) owns over 3500 acres of <u>land</u> (valued at \$126,000); maintains and utilizes extensive <u>operating facilities</u>; Buildings (\$639,000); Equipment (\$354,000); and Livestock (\$152,000). The structures (barns, piggeries, houses, etc.) are in excellent condition. The Dairy Herds always have had enviable production records. Annual sales of Milk, Beef, Pork, Egg produce and other farm products normally exceed \$500,000.

Milk production is a major resource - all institutions except two are supplied from our own farms. Farm income also accrues from such diversified production activities as: Beef, Pork, Eggs, Icecream, Lamb, Poultry, and Garden Produce. Two Abbatoirs are in operation. Potatoes comprise the main crop.

<u>OBJECTIVES</u> Our farms offer a resource for supplying much of our food requirements. Also, many knowledgeable professionals indicate significant <u>therapeutic</u> and <u>rehabilitative</u> values from performance of <u>Farm Labor</u>. We strive for maximum production, effective <u>distribution</u> and <u>utilization</u>. Better farming methods are encouraged and studied. Close attention has been and is now given to proper breeding of livestock. We expect, through proper planning, to more fully coordinate production and <u>utilization</u>. We propose maximum effort for continuance of the application of modern management and farming techniques. We have in the past, and will continue, to evolve studies designed to fully evaluate and define the "<u>role</u>" of the Departmental Farm System. A comprehensive picture of the overall system is presented in the brochure, "An Economic Analysis of the Institutional Farms." Copies are available to this Committee.

ORGANIZATION Farms operate under the direct administrative responsibility of the Institutional Superintendent or Warden. However, overall supervision, coordination and surveillance is, by statute, exercised by the Commissioner of the Department. These duties are delegated to the Departmental Farm Supervisor. The two Departmental Farm Directives (attached herewith on colored paper) offer additional information on the organization of the Farm System. FINANCIAL The Farms have been operated financially as "WORKING <u>CAPITAL FUNDS</u>" since 1949. Hence, no funds from current general fund appropriations are involved. The financial and <u>account-</u> ing records of the farms are <u>segregated from those of the Institutions</u>. All procedures, records and transactions, however, for farm operations are subject to all statutory requirements that are applicable to other State agencies. Farm accounts are subject to periodic audit.

The "donated surplus" of the farm accounts represents the value of properties, equipment and livestock segregated from the general fund account in 1949 plus or minus any subsequent changes. The fund now stands at approximately \$694,166. The "earned surplus" records the consolidated total of gains and losses of assets since that time and stands at \$281,917 as of January 31, 1964.

Other financial statistics are attached hereto (Plates 1 to 9). Profit and losses from operations have fluctuated widely over the years. A complete statement of operations from the State Controller's records for the fiscal year ending June 30, 1963, is attached hereto (Plate 10).

ECONOMIC

FEASIBILITY To determine the true value of the Farm System from a purely monetary standpoint, many factors must be considered. The proximity of the farms to the institutions results in an "interchange of services." Many of the Institutions benefit greatly from the utilization of farm labor on roads, lawns, grounds, etc., and usage of farm equipment. If farms were discontinued, there would be a severe burden for provision of essential services from our General Fund Appropriations - and this would be a sizeable figure.

In all fairness to farm operations a more equitable breakdown of expense and the correction of disparate methods of coding may be found desirable. If effected, a clearer picture of true profit or loss would be forthcoming. But, is this extra paperwork and office labor essential, or would it be worthwhile? I doubt it! Many of the farms through the years have ably proven their ability to operate profitably. Such ones as can be self-supporting should be continued, others eliminated or combined with other facilities. Careful planning and efficient management are major factors which have a strong impact on just how successful the farm operations prove to be.

<u>RECOMMENDATIONS</u> We recommend a continuing study to more clearly define the "<u>overall role</u>" of the Farms in our Departmental Organization. We need to fully evaluate its place, if any, in our treatment and rehabilitative program. We need to discontinue combining facilities which are not economically sound. We must continue to counsel with the various Superintendents and Farm Managers to mutually effect changes for improved operations. We must implement all aspects of a "Master Plan for Production" - and utilize properly all farm products. We conclude that the Farm System should continue, ever keeping in mind the qualifications herein indicated. It must be continuously evaluated, improved and correlated with our overall operations - and made an integral - yes, even a valuable - adjunct thereto.

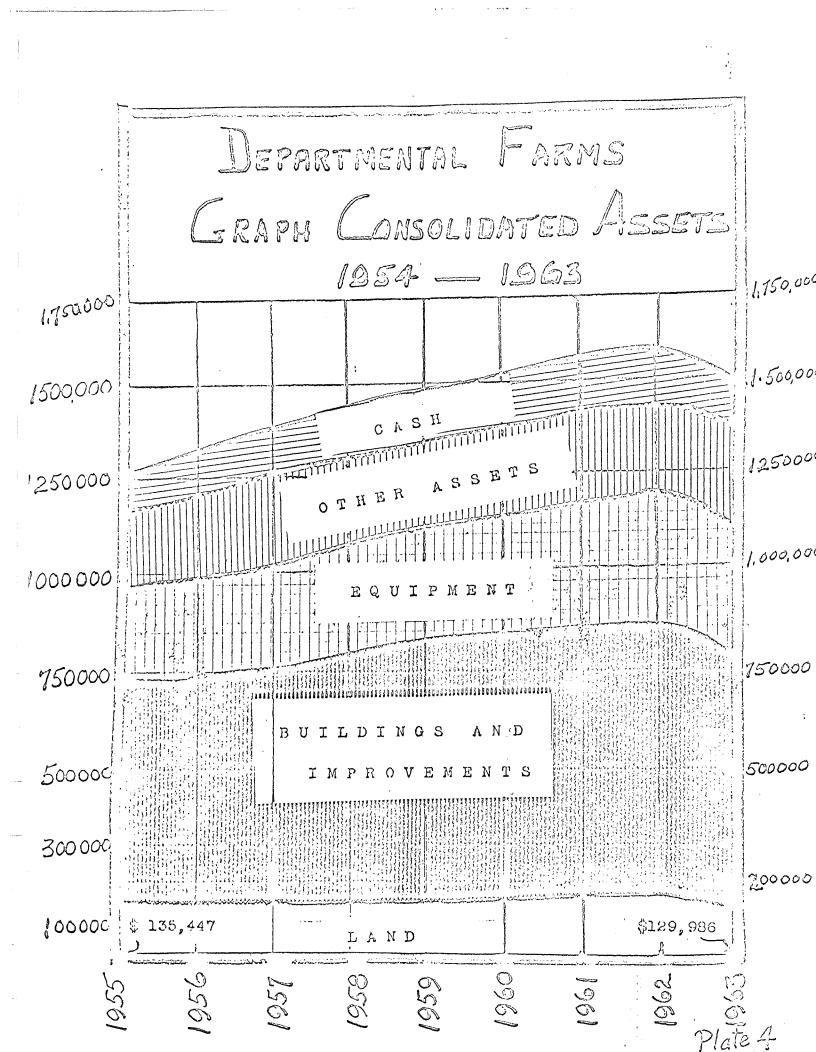
WALTER F. ULMER, COMMISSIONER

FARM STATISTICS EMPLOYEES Acreage ProducTION ANGUSTA 15 Pairy Herd 600 (ASH) Maine State 8 Dairy Herd Vegetables Piggery 11110 Prison Thomaston) 3500 Windham Dairy- Riggery. Beet Cattle 810 10 (RFM) So. Portland Dairy-Hennery 3 185 (ETC) Hallowell 2 105 Dairy-Vegetables (STC) Skowhegan 200 Dairy-Vegetables (RFW) oLeased TOTAL 39 3361 Acres E Mostly Woodland and pasture. D Approximately 100 Acres in Vegetables. Bangor (122 Acres) raises Vegetables only. 2, 54 Leg Res Com-WF4 m + 1

Departmental Farms LIVESTOCK 1964 Beef-Pork Milch Oliver Torac 0294 310 604 HOLSTEIN JEJ 79 404 325 CATTLE 41 950 409 HOGS 89 89 SHEEP D 519 1597 294 739-TOTALS Hens-Pullets D 0 14292 @ Annual Egg Production: 218000 dog. O Annual Mick Production 4-09000 gallons. Plate 2 LEG. Res. Com. 2/64 MFU

E DEPARTMENTAL FARMS (B) MPARISON LONSOLIDATED ASSETS O 1954 - 1963 Cash 119751 103395 OTHER ASSETS 179494 250453 EQUIPMENT 231583 348150 BUILDINGS 590662 643713 I M PROVEMENTS _AND 135497 129986 ASSETS O (No Deductions for depreciation)

Plate 3



Departmental Farms Operations 7 Month's Period Ending Jan 31, 1964 Sales 335234 Less-COST OF Sales 70937 GROSS PROFIT ==> 264297 Less-OPERATING EXPENSE 307912 OPERATING PROFIT(LOSS) (43615) PLUS OTHER INCOME 20,525 NET PROFIT (LOSS) (23090) Depreciation On buildings and Equipment in "Operating Expense".

Plate 5



WORKING CAPITAL FUNDS INSTITUTIONAL FARMS BALANCE SHEET, JUNE 30, 1963

i

Plateb

	Total Institutional Farms	Augusta Staro Hospital
ASSETS		
CURRENT ASSETS		
Equity in Treasurer's Cash	\$ 103,344	\$ 33, 686
Accounts Receivable	24	
Due from Other Funds	49,976	19,453
Inventories	199,679	40,269
Other Assets	773	
Total Current Assets	353,797	. 93,408
PLANT AND EQUIPMENT	`	
Land, Buildings, and Improvements	767,862	216,237
Machinery and Equipment	354,586	,75,193
-	1,122,449	291,431
Less Allowances for Depreciation	404,242	85,728
Net Plant and Equipment	718,207	205,702
 Total	1,072,005	299,111
LIABILITIES, WORKING CAPITAL ADVANCES, AND SURPLUS		.
IABILITIES		•
Accounts Payable	28,497	6,460
Due to Other Funds	47.039	
— Total Liabilities	75.536	6.460
VORKING CAPITAL ADVANCE	, 0,000	0,400
From General Fund	17 000	
	17,000	* <u></u>
URPLUS		
Contributed by Other Funds or Covernmental Units	697,366	225,623
Unappropriated	282,101	67,026
Total Surplus	979,468	292,650
Total	\$1,072,005	\$ 299,111

62 WORKING CAPITAL FUNDS

STATE CONTROLLER

<u>^-</u>	. 3	\checkmark		an Ang
State	State	Stevens	Maine	Boys
Reformatory	Reformatory	Training	. State	Training
for Men	for Women	Center	Prison	Conter
			/	
\$ 21,742 24	\$ 1,669	\$ 27,370	\$ 13,609	\$ 5,265
2.406		• 27,000	. 672	- 243
56,479	6,720	4,368	72,503,	19,337
672		100		· · · · · · · · · · · · · · · · · · ·
81,525	8,390	58,840	86,786	24,846
207,297	45,419	60,396	162,529	75,981
121,410	15,792	35,378	83,590	23,221
328,708	61,211	95,774	246,120	99,203
127,673	19,658	29,075	104,389	. 37,716
201,034	41,553	66,698	141,731	61,486
282,560	49,943	125,539	228,517	86,333
				•
				•
6,079	902	1,268	11,967_	1,818
37,672	6,766	100	1	2,500
43,752	7,668	1,368	11,967	4,318
	2,500		14,500	
185,178	53,673	46,730	92,531	93,629
53,629	(13,898)	77,439	109,518	(11,615)
238,808	39,774	124,170	202,049	82,014
282,560	\$ 49,943	\$125,539	\$228,517	\$ 86,333

Plate 7



WORKING CAPITAL FUNDS INSTITUTIONAL FARMS STATEMENT OF OPERATIONS YEAR ENDED JUNE 30, 1963

	Augusta State Hospital
Sales Birth and Crowth, Less Mortality	\$145,819 7,308
	153,128
Costs and Expenses:	
Cost of Products	19,775
Suluries	59,142
Feed	39,231
Depreciation	10,198
Other	30,100
Ceneral	4,809
Total Costs and Expenses	163,257
Loss from Operations	10,128
Other Income	1,312
Net Profit or (Loss)	(8,816)
Unappropriated Surplus (Deficit) at Beginning of Year—Adjusted	75,843
Unappropriated Surplus (Deficit) at End of Year	\$ 67,026

64 WORKING CAPITAL FUNDS

STATE CONTROLLER

State Reformatory for Men	State Reformatory for Women	Stavens Training Contar	Maina State Prison	Boys Training Center
\$ 82,473 8,413	\$ 14,730 2,463	\$ 14,355 1,005	\$175,076 25,054	\$ 53,157 5,139
88,896	17,194	15,360	200,130	58,296
4,190	3,840	2,683	44,148	11,418
30,133	4,387	12,159	34,857	12,640
13,980	2,144	. 2,471	63,033	22,301
8,094	3,664	4,139	14,208	3,224
26,770	4,171	4,911	32,894	10,791
14,216	2,877	590	19,167	1,512
97,419	21,085	26,956	208,309	61,888
8,523	3,891	11,596	8,178	3,591
4,374		2,424	1,469	1,238
(4,148)	(3,891)	(9,171)	(6,709)	(2,353)
57,777	(10,006)	86,611	116,227	. (9,262)
\$ 53,629	\$ (13,898)	\$ 77,439	\$109,518	\$ (11,615)

CAPITAL FUNDS 65 WORKING

(Report on Farm Survey to Legislative Research Committee - 3/3/64)

(Department of Mental Health and Corrections)

DEPARTMENTAL FARM OPERATIONS OPERATING STATEMENT PERIOD ENDING JANUARY 31, 1964

	This Year	<u>Last Year</u>
Income from Sales	\$337,994.27	\$339,752.37
Less Cost of Sales Gross Profit on Sales	70,937.44 267,056.83	<u>69,673.83</u> 270,078.54
Birth and Growth less Mortality Total	<u>14,964.66</u> 282,021,49	<u>25,588.31</u> 295,666.85
Operating Expenses		
Salaries	100,104.82	119,785.67
Expense of Farm Coordinator	4,890.90	4,844.70
Insurance	11,646.61	10,887.53
Employees Retirement	8,700.00	10,467.75
Repairs to Buildings	1,507.11	8,053.81
Repairs to Equipment	10,549.71	4,317.39
Motor Vehicle Expense	12,915.37	13,647.23
Other Contractual Services	30,477.68	35,077.93
Feed for Animals	88 ,6 62.33	87,658.99
Farm Supplies	9,832.60	6,081.15
Other Supplies	8,304,21	7,172.44
Total Expense before Depreciation	287,591.34	307,994.59
Operating Profit or (Loss) before Depreciation	(5,569.85)	(12,327.74)
Depreciation	20,389.02	30,074.87
Operating Profit er (Less)	(25,958.87)	(42,402.61)
Profit or (Loss) on Sale of Assets	(2,759.70)	284.07
Other Miscellanenus Income	5,628.35	6,043.08
NET PROFIT or (LOSS)	(\$ 23,090.22)	(\$ 36,075,46)

(Report on Farm Survey to Legislative Research Committee - 3/3/64) (Department of Mental Health and Corrections)

DEPARTMENTAL FARM OPERATIONS BALANCE SHEET PERIOD ENDING JANUARY 31, 1964

	This Year	<u>Last Year</u>
ASSETS Cash on Hand - Demand Deposit	\$ 47,234.25	\$ 47,920.50
- Time Deposit	47,000.00	75,000.00
Total Cash on Hand	94,234.25	122,920.50
	,	,
Accounts Receivable	100.17	8.00
Due from Other Funds	45,583.57	34,711.25
Total Accounts Receivable	45,683.74	34,719.25
Inventories - Livestock	152,854.78	160,542.50
- Supplies	5,777.65	4,301.60
- Finished Goods	6,120.29	10,331.00
Total Inventories	164,752.72	175,175.10
Work in Progress	3,388.87	4,092.22
Total Current Assets	308,059.58	336,907.07
Equipment	354,925.45	352,849.82
Buildings	639,671.05	673,230.07
Other Fixed Assets	6,048.37	14,548,94
Sub-total	1,000,644.87	1,040,628.83
Less Reserve for Depreciation	419,600.74	428,029.79
	581,044.13	612,599.04
Land	126,285.49	150,144.91
TOTAL ASSETS	\$1,015,389.20	\$1,099,651. 02
LIABILITIES AND SURPLUS		
Accounts Payable	1,629.68	3,788.17
Due to Other Funds	43,766.00	27,756.92
Total Current Liabilities	45,395.68	31,545.09
Working Capital Advance	17,000.00	17,000.00
Donated Surplus	694,166.42	797,699.39
Earned Surplus	281,917.32	289,482.20
Profit or (Loss)	(23,090.22)	(36,075.66)
TOTAL LIABILITIES AND SURPLUS	\$1,015,389.20	\$1,099,651.02

June 5, 1963

DIRECTIVE) NO. III)

INSTITUTIONAL FARM SYSTEM AND ITS OPERATIONS

I. GENERAL:

The farm operation in each institution, while considered a direct administrative responsibility of the institutional head, is also considered to be under the over-all <u>supervision</u> and <u>direction</u> of the Commissioner of the Department. Because of the magnitude and importance of our farm operations and the potential value of such functions to each institution and to the entire Department, all institutions are hereby advised of the <u>over-all general policy</u> for <u>farm operations</u>.

The assets of our institutional farm system are in excess of \$1,000,000. The over-all composite income for the past fiscal year of our farms was \$475,316. Such an operation needs careful <u>organization</u>, <u>planning</u>, <u>administration</u>, <u>co-ordination</u> and <u>direction</u>.

II. <u>MAJOR OBJECTIVES</u>:

- It should be emphasized that it is the desire of this Department that all farms be operated at maximum efficiency, <u>co-ordinated</u> carefully with an over-all Departmental Farm Program, and that maximum production in all phases not only be obtained but also properly distributed and <u>utilized</u>.
- 2. Reference should be made to the survey of the Farm Supervisor, "Economic Analysis of the State Institutional Farm System", dated December 17, 1962, for a comprehensive over-all study. This survey should be used for evaluation and guidance of all concerned. Such sections of the survey as are not already implemented will be considered by the Committee for future inclusion in our operations.

III. PLANNING:

Each Institutional Farm Manager will carefully prepare and submit to the Institutional Head for approval with copies to the Department <u>prior to November 15th</u> each year a proposed "Operational Plan" with estimated costs for the ensuing year. Prior to the submission of said plan to the Institutional Head and the Central Office, a Conference of all Farm Managers will be called by the Departmental Farm Supervisor, at which time he will outline the over-all statewide institutional requirements and in co-operation with the farm managers and the policy of the Co-ordinating Committee suggest "Operational Plans" for each institution. This over-all operational plan should be approved by the Farm Co-ordinating Committee. All institutions, whether they have extensive farm operations or not will send delegates to this planning session. It is obvious that when completed the over-all Departmental "<u>Farm</u> <u>Operational Plan</u>" for the year would indicate the equipment and supplies needed by each institution which fact should be co-ordinated closely with the ordering schedule of the State Purchasing Agent, through whom all items will be purchased.

IV. MARKETING:

Provision for the transfer of crops and products between institutional farms and each using institution is essential for the efficient and profitable over-all operation. Such a plan for utilization must be closely tied to the <u>Farm Operation Plan</u> of the Department. It shall be the duty of the <u>Farm Supervisor</u> to closely co-ordinate the <u>distribution</u> of eggs, milk, beef, pork, ice cream, farm produce and any and all other products of the farms. Outside sales shall be made only in conformity with current directions of the <u>State Purchasing Agent</u> and the Commissioner of this Department. All sales to outside sources shall be made with the knowledge and co-ordination of the Farm Supervisor.

V. REPORTS AND ACCOUNTING:

A. <u>Reports</u>

In order to facilitate control and future planning several special farm reports are due at the Central Office <u>monthly</u>.

- (a) Monthly Consumption of Farm Products by Institutions (Form 1)
- (b) Monthly Reconciliation Inventory of Piggery, Beef, Hennery, Sheep and Dairy (Form 2 - 6)
- (c) Financial Reports Trial Balance;
- B. Accounting

Proper farm accounting is a <u>must</u>. All State Directives concerning Institutional Operations and proper accounting procedures are definitely applicable to Farm Operations. <u>Continuous</u> supervision of all financial procedures and practices, both by Institutional and Departmental personnel, is directed.

VI. FARM CO-ORDINATING COMMITTEE:

In order to properly evaluate all factors regarding Departmentalover-all policy and operation, there is hereby set up a <u>Farm Co-Ordin-ating Committee</u> consisting of the following:

Chairman: George A. Lasselle, Representing Business Management

Members: Merton R. Johnson, Representing Superintendents, Reformatory for Men

> Leigh Plaisted, Representing Farm Managers, Maine State Prison

Kenneth B. Burns, Representing Business and Finance on Farms at Departmental Level Otto R. Irvine, Representing Supervision and Co-ordin-

ation of Farm Program at Departmental level

DUTIES OF COMMITTEE:

- It will be the duties of this committee to meet at the call of the Chairman or at the request of the Commissioner or of any Institutional Head. It shall submit written reports of its meetings as well as special reports on the over-all program of farm operation, finances and management within this Department to the Commissioner making such recommendations as appear advisable.
- 2. It is expected that no major changes regarding <u>Capital Improve-</u> <u>ments</u> at any farm (in excess of \$1,000) or that no <u>major change</u> in the over-all operation of any of the Institutional Farms be made without a recommendation from the Institutional Head and approved by the Farm Committee in writing to the Commissioner, who will render a decision. Any necessary Council Order implementing the approved changes or improvements in program will be prepared by the Central Office.
- 3. The proper Departmental <u>utilization</u> and <u>distribution</u> of all products to include crops, milk, ice cream, beef and other items will be a vital consideration of this committee. They shall set a policy for pricing sales of farm products. They should recognize the recommendations of the Farm Supervisor, who will co-ordinate the utilization and distribution of such items between institutions and assist the individual Farm Managers with any "outside sales".
- VII. A sound Institutional Farm System as proposed includes <u>All Institutions</u> within the Department regardless of the size of the Farm - for in some cases even a vegetable garden or a "token" herd may be very valuable from a "Therapeutic" or "Rehabilitative" point of view.

By:

Walter F. Ulmer, Commissioner Mental Health & Corrections

Distribution:

Each Institution 5 copies Eact Inst. Farm Mgr. 2 copies Each Staff Section, C.O. 1 copy Dept'1. Farm Supervisor 3 copies

DIRECTIVE) NO. XI)

January 24, 1964

FARM ADMINISTRATION

I. GENERAL

The following information is in <u>addition</u> to and <u>clarification</u> of <u>Directive III</u> issued June 5, 1963.

II.

The Maine <u>Statutes</u> (Sec. 1, Chapter 27, Revised Statutes, 1954) direct:

"The Commissioner shall appoint . . . a Departmental Farm Supervisor. The salary and expenses incurred by the Departmental Farm Supervisor shall be <u>prorated</u> among the accounts set up for the <u>several institutional farms.</u>"

"The <u>Department</u> shall establish such rules and regulations . . . for the care and management and the custody and preservation •f property of all State Institutions . . . and for the <u>produc-</u> <u>tion</u> and <u>distribution</u> of <u>farm</u>, <u>dairy</u> and <u>industrial products</u> of the said institutions." (Section 5, Chapter 27.)

III. Under Section 34, Chapter 15A, the Bureau of Purchases "has authority to purchase all supplies, materials, etc. . . and to transfer to or between departments and agencies or sell supplies, materials and equipment which are surplus, obsolete or unused."

IV. The Bureau of Purchases has advised this Department:

- (A.) "It has been brought to our attention that in order to maintain sufficient supply of milk and fresh beef for use by our State agencies in the very worthwhile program of having the Reformatory for Men provide institutions with these commodities, it will be necessary to purchase registered livestock for milk purposes and breeding and also livestock to slaughter.
 - "It is expected that such purchases will be made directly by or with the knowledge and assistance of Mr. Otto Irvine, Institutional Farm Supervisor. <u>Under these conditions</u> the authority is granted to the Department of Mental Health and Corrections to purchase the following, for use in this program.
 - 1. Registered livestock for breeding and milk purposes.
 - 2. All types of livestock to be slaughtered for distribution to State institutions in their feeding program.

"This authority also covers the sale of the above two classes of livestock in the event that such becomes necessary in the formation of a good grade and supply of livestock.

- "In the purchase of this livestock it is expected that the State will buy only from known sources of quality and not in a manner that will reflect competition in purchase with livestock dealers, such as buying through public auction. Any sales should not be made in a manner which would be criticized by livestock dealers as <u>it is not</u> the purpose of the State to enter into competitive market with any important state industry."
- (B.) Authority has been received per memorandum from the State Purchasing Agent to purchase under the above regulations on <u>Open Market Purchase</u> <u>Order</u>.
- (C.) All Sales or Purchases made under (A) above will be accomplished only by strict adherence to competitive bidding whenever possible. If not possible, full explanation must be given on record books of the farm.

V. POLICY

This office must insist on strict compliance with Directive III and the information contained therein. We are operating in compliance not only with State Statutes but with Departmental Policy. Any <u>changes</u> considered by any institution important to the <u>overall efficiency</u> and operation of the Departmental Farm Policy are always welcome. They will receive careful attention and evaluation not only by the Commissioner but also by the Farm Coordinating Committee.

WALTER F. ULMER, Commissioner

Distribution:

Each Institution with Farm, 3 copies Each Institution without Farm, 2 copies C. O. Staff, 1 copy each Comm., 1 copy File, 2 copies