Report to the Mississippi Legislature

# FY 2020 Impact Report

PEER
MISSISSIPPI
Joint Legislative Committee on Performance
Evaluation and Expenditure Review

# FY 2020 PEER Reports

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# FY 2020 PEER Report Impacts

## Impact: Alcoholic Beverage Control in Mississippi

### *Alcoholic Beverage Control in Mississippi: Warehouse Operations and Policy Considerations for Regulation (Report #632)*

The Alcoholic Beverage Control Division (ABC) of the Mississippi Department of Revenue (DOR) regulates and wholesales alcoholic beverages throughout Mississippi to licensed ABC permittees. The ABC warehouse operates on a bailment system, which allows vendors of alcoholic beverages to store their products in the state's warehouse without the state having to purchase the product. The ABC warehouse processes orders through each permittee's Taxpayer Access Point (TAP) account. Once orders are placed and processed, the ABC warehouse utilizes two contracted shipping companies to transport product to permittees.

As of July 2019, the ABC warehouse employed 106 employees. The warehouse also held 427,709 cases of alcohol and can ship a maximum capacity of approximately 20,000 cases per day. In FY 2018, ABC warehouse expenditures totaled just over $5 million. Regarding total revenues, approximately 55% comes from the state markup on the direct sales of alcoholic beverages, 40% comes from taxes, and 5% comes from permit and other fees. In FY 2018, ABC warehouse revenues totaled approximately $114 million.

As the sole alcoholic beverage wholesaler, the ABC should focus on both maximizing revenue while providing a high level of customer service. PEER identified several areas for improvement. The implementation of a preventative maintenance plan could increase overall productivity. Equipment failures can create delays in both order processing and shipping operations. The ABC warehouse lacks formal workplace safety policies. Workplace injuries in the warehouse create a direct cost to the state in Workers' Compensation claims. The ABC should maximize efficient use of its warehouse space as well as document customer service issues in order to identify weaknesses in overall operations. The ABC should also conduct a formal study prior to implementing any changes to overall warehouse operations and logistics.

**Warehouse Operations Recommendations**:

- The ABC warehouse should create a preventative maintenance plan and track instances in which equipment becomes inoperable and repair parts must be procured.

- The ABC warehouse should create standard operating procedures with an emphasis on safety for warehouse employees.

- The ABC warehouse should determine an equitable storage level for all bailment products stored in the warehouse, and should consider setting a minimum stock level policy for bailment items.

- The ABC warehouse should develop a written facility usage and logistics plan prior to purchasing an additional warehouse facility.

The Mississippi Legislature provided the DOR with additional appropriation authority in Senate Bill 3024, 2019 Regular Session, to purchase additional warehouse space for warehousing needs. The DOR has not created a formal, logistical plan for the usage of the additional warehouse facility. While studies commissioned by the DOR showed that the current ABC warehouse was quickly approaching its maximum storage capacity, none of these studies analyzed how an additional warehouse facility could be incorporated into current ABC warehouse operations. The DOR should ensure that incorporating an additional facility to be used solely for bulk product storage is a viable method for increasing ABC efficiency.

PEER evaluated policy options for the future of regulating alcohol beverages in Mississippi. Included in these policy options were three methods of privatization. These privatization options were judged for feasibility against three criteria:

- Each option should give the state at least the same amount, or more, of revenue than it currently receives from the wholesaling of liquor and wine.

- Each option should not cause a significant increase in alcohol consumption in the state or rely on a significant increase in alcohol consumption to meet the first criteria of revenue generation.

- Each option should provide permittees and consumers at least the same level of service through wholesale sales and distribution.

**Privatization Options**:

- Fully divesting the wholesale of liquor and wine would remove the state from being the wholesaler of alcoholic beverages, making private wholesalers responsible for wholesaling alcoholic beverages throughout the state. Academic studies show that control states collect higher amounts of revenue from alcohol sales than license states. PEER determined that converting to a license state would likely reduce the overall revenue collected for the state from alcoholic beverage sales.

- Contracting out wholesale operations would allow a contracted warehouse operator to assume operations of the ABC warehouse including receiving product and shipping orders to ABC permittees. Private companies would be responsible for staffing the warehouse and the DOR would still have administrative oversight of the ABC warehouse operations. Any monies saved from removing state employees from working within the ABC warehouse would likely be used to pay the contract with the private company that would operate the warehouse. PEER determined that this option could likely be revenue neutral, but would likely not save the state a minimum of 10% compared to current operational costs.

- Partially divesting wholesale operations would allow private wholesalers to be responsible for wholesaling wine throughout the state. Partial divestment would allow the state to remain the wholesaler of liquor. PEER determined this option would likely reduce the amount of overall revenue collected, but could benefit warehouse operations.

**Other Policy Options**:

PEER reviewed direct-to-consumer wine shipment in Mississippi. Direct to Consumer wine sales are not specifically prohibited by Mississippi Law; however, current law does make the DOR the sole wholesaler of alcoholic beverages in the state. PEER also reviewed capping the overall number of retail package store permits. Studies show that capping permits could provide a more equitable package store outlet density. The DOR would need to further review these options to ensure their feasibility in the state. If they yield positive results, the DOR should recommend to the Legislature any CODE sections that would need amendment in order to implement either of these policy options.

## Implementation Actions

Based on PEER's recommendations, The Department of Revenue is:

- developing a five-year equipment replacement timeline that they intend to implement as funds allow. They have already developed a work-order system for maintenance personnel that will allow them to track repairs and costs associated with each repair. The DOR is also developing a preventative maintenance schedule for warehouse equipment.

- improving safety conditions at the warehouse. The DOR is working to revamp their agency safety program to address policies and procedures regarding employee safety.

- evaluating their IT needs and programming needs for their MARS system, equipment needs, and product logistics for their potential additional warehouse space.

- working with their ITS department and software vendor to determine if they are able to pull a report from their existing system that will allow the ABC management to track the status or resolution of customer service calls. In the interim, they are tracking calls through an Excel spreadsheet.

# Impact: Management and Financial Review of Tunica County

### *A Limited Management and Financial Review of Tunica County (Report #633)*

The Tunica County Board of Supervisors should develop, implement, and adhere to policies and procedures necessary to ensure that the board does not engage in deficit spending; complies with state laws in the issuance of tax levies; enters all executive sessions in compliance with state laws; uses the county's general road funds exclusively for the construction, upkeep, and maintenance of the county's road and bridge system; ensures all county expenditures are supported by proper documentation and are properly recorded and classified in the county's recordkeeping system; and at all times ensures contracts for the county's housing rehabilitation program exist and are signed by the appropriate county officials and all parties responsible for the administration and operation of the program.

**Conclusions:**

1) From October 1, 2012, through August 31, 2019, the board expended approximately $4.3 million more than the revenues that had been received by the county—i.e., the county engaged in deficit spending.

2) As of August 31, 2019, the county's general fund had a negative balance of approximately $4.9 million, which means the county is relying primarily on the funds in the county's general road fund to provide the necessary cash to pay the county's expenses, a practice that is contrary to state law.

3) In April 2018, the board transferred $5 million from the county's general road fund to the county's general fund, a practice which is also contrary to state law. In December 2018, the board received an Attorney General's opinion informing the board that such a transfer was not permissible. Despite being informed of this, the supervisors did not authorize repayment of the $5 million to the general road fund until July 15, 2019, following PEER's commencement of fieldwork on this project.

4) In FY 2015, the board began assessing a county-wide nine-mill ad valorem tax for the county's general road fund. However, because the county was inaccurate with its projection of future expenditures for road maintenance and construction, the adopted millage rate overtaxed Tunica County residents by approximately $5.5 million during fiscal years 2015 through 2017 when compared to average expenditures.

5) PEER identified deficiencies in the internal control policies and procedures of the board and the county's administration and financial recordkeeping.

6) Minutes of the Board of Supervisors meetings did not always state with sufficient specificity the reasons for the board's entering into executive sessions, as required by MISS. CODE ANN. Section 25-41-7 (1972).

7) The board did not comply with state law in the issuance of tax levies during FY 2014 and subsequently was required by court order to refund collected taxes of approximately $190,000 to one taxpayer, with more potential refunds in the future.

8) The Tunica County Tax Collector's Office failed to comply with state law by not including the amounts of special assessments due for two of the county's utility districts on the individual tax bills for each affected parcel for the years of 2010 through 2015.

9) Since the beginning of the board's current arrangement with North Delta Regional Housing Authority and, by extension, Tunica County Housing, Inc., the board has failed to ensure either that a contract exists or that a signed contract is in force and effect at all times between the county and the housing authority and between the housing authority and Tunica County Housing, Inc.

10) Since February 2015, the board has approved expenditures of $1.6 million for the county's housing program without supporting documentation showing that the funds were expended as indicated or whether the work was completed at all.

11) Since October 1, 2014, approximately 41% of total housing program expenditures have been for administrative expenses. This level of administrative expenses is considered to be above average by charity watchdog groups.

**Recommendations:**

1) The Tunica County Board of Supervisors should:

- Annually adopt and abide by a budget in which anticipated revenues exceed budgeted expenditures.
- Develop and implement a plan to address the current negative balance of the county's general fund and return it to a positive balance.
- Reconsider the current practice of supporting county-owned facilities.
- Use the funds of the general road fund exclusively for the construction, upkeep, and maintenance of the county's roads and bridges.
- Adopt and enforce policies and procedures that strengthen the county's internal controls.
- Adopt a resolution memorializing the Legislature to amend Chapter 920, Local and Private Laws of 2004, to provide that the county's share of gaming funds be deposited to the county's general fund subject to a 3-year repealer.
- Take steps to ensure compliance with all open meeting laws.
- Take steps to ensure compliance with all laws and regulations for the approval of the county's budget and assessment of property taxes.

2) The Tax Collector's office should take steps to ensure that all property assessments and collections for property taxes are conducted in accordance with applicable state laws.

3) Concerning the county's housing program, the Tunica County Board of Supervisors should ensure:

- Appropriate supporting documentation is received and placed in the county's accounting records for all expenditures of the housing program.
- A properly executed contract, signed by all involved parties, is in effect at all times for the county's housing program.
- Expenditures are used only for the purposes of administering or operating the program or paying housing grants awarded through the program.

## Implementation Actions

Tunica County officials agreed to obtain signatures on all contracts between the county and other entities involved in the administration and operation of the county's Housing Rehabilitation Program.

# Impact: Criminal Justice Reform Efforts

### *A Review of Mississippi's Criminal Justice Reform Efforts (Report #634)*

Criminal justice reform is a current issue of concern on both the national and state levels due to rising prison populations and the corresponding rise in corrections costs. According to the Pew Charitable Trusts (Pew), reforms vary from state to state, but all federal and state-level reforms aim to improve public safety, control taxpayers' costs by prioritizing prison space for people convicted of serious offenses, and invest savings into alternatives to incarceration that are effective at reducing recidivism.

Reports and data from MDOC show that in the first year since H.B. 585 was enacted in 2014, the state's prison population was reduced by 11%. This resulted in cost savings to the MDOC. However, in the second-year post enactment, the prison population began to rise again. The H.B. 585 Task Force identified two primary reasons for this rise: 1. the significant increases in supervision/technical revocations resulting in offenders on parole and 2. probation being sent back to prison and an increase in the number of offenders sentenced for drug possession.

As a result of the Task Force's findings H.B. 387 and H.B. 1352 were passed. H.B. 387 brought clarity as to how and when to use TVCs. Data has shown that the use of TVCs has risen over the past year, and H.B. 1352 expanded the use of reinvestment programs by facilitating the use of not only drug courts but also other types of problem-solving courts. There has been no measurable effect to date regarding the effects of H.B. 1352 as it was just recently passed.

1. To ensure effective operations of the new intervention courts, the Legislature should consider taking the following actions:

a. Amend MISS. CODE ANN. Section 9-23-9 to enhance provisions of intervention court certification by:

- setting a deadline for the establishment of best practices for all intervention courts;
- resetting a deadline for all intervention courts to become certified; and,
- barring any non-certified intervention court from expending any public funds for any programs or services.

b. Amend MISS. CODE ANN. Section 9-23-11 to require:

- reporting to the Administrative Office of Courts on program participants who have been incarcerated for any reason;
- requiring AOC to conduct best practices audits of all intervention courts; and,
- requiring third-party providers to agree contractually to provide services that comport with evidence- or research-based programs as defined in MISS. CODE ANN. Section 27-103-159.

c. Amend MISS. CODE ANN. Section 9-23-1 et seq., Section 9-25-1 et seq., and Section 9-27-1 et seq. to define intervention courts uniformly throughout each section.

2. The Administrative Office of Courts should provide the Legislature with a detailed estimate of funds needed to implement the new intervention courts, which includes staffing requirements and programmatic resources. Specifically, AOC should prepare a document setting out the Circuit Court Districts where each problem-solving court is to be established, the suggested staffing and job occupational codes for each position to be established. Further the AOC should estimate the costs of delivering services to the target clientele, the estimated number of clients it will be serving, and the method of service delivery, e.g., Community Mental Health Centers, private counsellors, or some other source of expertise.

The Legislature should consider the implementation of all remaining recommendations from the Final Report December 2013 of the Mississippi Corrections and Criminal Justice Task Force, which were not addressed by H.B. 585 (2014 Regular Session).

## Implementation Actions

Chief Justice Mike Randolph and the Administrative Office of Courts wanted to urge the Legislature to consider the recommendations contained in the report and to utilize best practices a mentioned in the report for the operation of intervention courts.

# Impact: Wireless Communication Commission Review

### *A Review of the Wireless Communication Commission (Report #635)*

The Mississippi Wireless Information Network (MSWIN) is a land mobile radio trunked public safety communications network with 97% statewide mobile radio outdoor coverage and indoor coverage in critical buildings, such as courthouses. Due to its high cost and technical issues, the network does not provide statewide in-building coverage, which can pose a problem for emergency responders who typically work indoors, e.g., firefighters.

As of July 1, 2019, there were 145 MSWIN towers located throughout the state, including 84 state-owned towers and 61 towers leased from private and governmental owners. As of July 1, 2019, there were 574 state, local, federal, and private entities participating in MSWIN using approximately 41,357 emergency communication devices, and making an average of over 7.6 million push-to-talk calls per month. Because MSWIN user membership is voluntary, over 100 local government entities do not use MSWIN as their primary means of emergency communications, which negatively impacts the network's statewide interoperability. In addition, the network's interoperability is impacted by WCC's deficiency in training users in the effective use of the network.

**Recommendations to Improve WCC's Effectiveness in Operating MSWIN**:

- In conjunction with its MSWIN users, WCC should continue to expand the coverage of the network as needed and justified in relation to its cost and the number of users who would be served.

- WCC should monitor the percentage of busies by individual tower.

- WCC staff should continue to expand and develop training, maintain an accurate list of and contact information for all MSWIN users, and conduct an annual user survey.

- WCC staff should develop a formal strategy to explain the benefits of user membership to entities not currently members of MSWIN so that the network would become their primary method for emergency communications. Through additional funding sources or vendor assistance, WCC staff should continue to explore options to make P25-compliant push-to-talk radios more affordable to entities with limited financial resources that have prevented them from joining the network.

While WCC has implemented policies and procedures requiring all state agencies and local government entities to obtain approval from WCC's Procurement Review Committee for all wireless communications purchases greater than $100,000, Jackson County recently entered into a $5.8 million contract to build its own emergency communications system without first seeking approval from WCC.

In 2005, the Legislature authorized Commission members to provide all of WCC's staff support in order to maximize funds available for MSWIN buildout. ITS was directed to administer WCC's operating fund as well as collaborate and consult with the Commission in carrying out its responsibilities. This statutory collaborative role between ITS and WCC became problematic when WCC began hiring its own staff in 2008. Now, there is confusion over authority and responsibility as well as duplication of effort.

**Recommendations to improve WCC's Efficiency in its Expenditure of Public Resources**:

- The Legislature should consider the options identified by PEER for organizational placement of WCC (i.e., stand-alone agency with current responsibilities; stand-alone agency with responsibility for all emergency communications in the state; stand-alone agency with physical co-location at MEMA; or assign a different state agency such as MEMA or MDOT to provide administrative support and office space to WCC). The Legislature should then amend the law to reflect the selected option. However, if the law is not changed regarding organizational placement of WCC, then WCC and ITS should jointly request an Attorney General's opinion to opine on the responsibilities of each entity.

- In order to clarify WCC's authority over procurement, the Legislature should amend MISS. CODE ANN. Section 25-53-171 (4)(i) (1972) to replace "sign-off approval" with "prior-authorization."

- WCC should refer Jackson County's procurement of its own emergency communications system to the Mississippi Office of the State Auditor for possible investigation and action.

# Impact: Child Protection Services

### *A Review of the Mississippi Department of Child Protection Services for Fiscal Year 2019 (Report #636)*

In FY 2019, MDCPS received $195.9 million in total revenues. 50% of its total revenues were state general funds and 40% were federal funds. During FY 2019, MDCPS expenditures for salaries, wages, and fringe benefits totaled approximately $80 million (41% of its total expenditures), including $53 million for its caseworkers and caseworker supervisors. MDCPS expended $55 million (28% of its total expenditures) on foster care maintenance payments and provided $35 million (18% of its total expenditures) to child welfare agencies delivering services and programs to Mississippi children and their families.

**Recommendations for Sources and Uses of Funding**:

- MDCPS should estimate and identify expenditures and full-time equivalents by accountability program.

- MDCPS should identify child and family well-being intervention programs to serve Mississippi children and families and ensure that such programs are supported by high-quality research.

**Caseload Analysis:**

During FY 2019, MDCPS never met the court-ordered percentage-compliant mandate for its frontline, adoption, and licensure caseworker caseloads, and only complied with the caseworker supervisor workload mandate for a few days during the fiscal year. However, despite low compliance with the percentage-compliant mandates for caseworkers, analysis indicated that the mean daily caseload for caseworkers and workload for caseworker supervisors was not far from the 1.0 weighted caseload standard for caseworkers and the standard number of caseworkers supervised (no more than 5) for caseworker supervisors. Inequality in the distribution of caseworker caseloads and caseworker supervisor workloads is the main reason for the Department's low performance on percentage-compliant mandates.

**Recommendations for Caseload Analysis**:

- MDCPS should implement its written procedures for code documentation, file retention, and data entry processes.

- MDCPS should conduct a new caseload study based on current caseworkers' time and responsibilities to determine the range of time necessary for a caseworker to perform a task in accordance with best practices. MDCPS should establish new standards based on the results of this study.

- Once a new caseload study is established, MDCPS should redistribute caseworker positions so that they more closely match expected caseloads. In addition, MDCPS should consider assigning more cases to caseworkers in bordering counties to better distribute caseloads.

- MDCPS staff should confer with the court monitor and attorneys representing the Plaintiffs in the Olivia Y. lawsuit to discuss replacing the percentage-compliant mandates.

**Analysis of Annual MDCPS Turnover Rates:**

In FY 2019 the annual turnover rate for caseworkers was 30%, a 9% increase over the previous year, while the annual turnover rate for all other staff was 15%, a 2% increase. In addition, 12 of MDCPS's 14 regions and 43 counties had an increase in caseworker turnover from FY 2018 to FY 2019.

Recommendation for the Analysis of Annual MDCPS Turnover Rates:

- MDCPS should maintain a current list of all licensed social workers in the Department.

**Analysis of Selected MDCPS Outcome Measures:**

PEER was unable to assess MDCPS's performance measures for FY 2019 because the data were not yet available at the time of this review. PEER plans to include this analysis in its FY 2020 annual review of the Department.

**Development of MDCPS's New Case Management System:**

MDCPS expended at least $3.2 million on staff and technical consultants between 2017 and August 2019 to begin the process of developing a new custom-built case management system (CCWIS) to replace its current outdated system (MACWIS). However, MDCPS has now decided to procure an off-the-shelf system in order to meet its impending court-imposed deadline. MDCPS is on the verge of issuing an RFP to expend up to $28.7 million to develop and deploy this system with limited documentation supporting needed system design features and associated costs.

**Recommendations for the Development of MDCPS's New Case Management System**:

- The State Auditor should conduct an audit of MDCPS's expenditure of $3.2 million on contracts for the development of a custom-built case management system to ensure that all deliverables were produced according to the terms of the contracts.

- The MDCPS Commissioner should direct the Department's staff to develop a detailed business case for the CCWIS project prior to issuing a request for proposal (RFP) to procure the system, and should also direct Department staff to maintain complete and accurate documentation of the procurement process.

# Impact: Charter Schools

### *FY 2019 Annual Report: Analysis of Funding for Mississippi Charter Schools and the Charter School Authorizer Board (Report #637)*

The Mississippi Charter School Authorizer Board (MCSAB), a state agency of seven appointed members, is the sole authorizing body for charter schools in the state and is responsible for oversight of the schools' operations. As of September 2019, the board had three staff. During the FY 2019 application cycle, the MCSAB, with assistance from a team of independent evaluators, approved one application and denied eight. Leflore Legacy Academy was approved to open a 6th-8th grade school for the 2020-2021 school year. During the 2018-2019 school year, five charter schools (four located within the boundaries of JPS, and one located within the boundaries of the Clarksdale Municipal School District) served 1,505 students. In September 2017, the U.S. Department of Education awarded a five-year, $15 million Charter Schools Program (CSP) grant to the MCSAB to help expand the state's charter school sector. The MCSAB spent $635,846 from the grant funds in FY 2019.

**Conclusions:**

- The current composition of board members' staggered terms results in three board members terms expiring at one time, potentially impacting the board's quorum requirement.
- MDE distributed MAEP funding to charter schools at the same amounts it provided MAEP funding to the school districts in which those charter schools were located (before add-on program costs), in accordance with state law.
- The local ad valorem pro rata calculation required by state law provides unequal shares between charter schools and the school districts.
- FY 2019 was the first year the state funding formula for the Mississippi Charter School Authorizer Board provided enough funds to cover the operations of the board.
- The MCSAB inappropriately expended $1,069 for the travel expenses of a job candidate.
- The MCSAB is significantly behind in its projected CSP grant expenditures and its efforts to expand charter schools.
- In its oversight of the CSP grant, the MCSAB engaged in poor contracting practices.
- The MCSAB paid a contractor $137,500 without requiring submission of documentation of the work performed.

**Recommendations:**

- The MCSAB should formally require all charter schools to adopt MDE's accounting manual for public schools.
- The Legislature should consider amending MISS. CODE ANN. §37-28-11(1) to replace the 3% authorizer fee with funding from available funds.
- The Legislature should, because the MCSAB is a state agency, consider enacting a separate appropriations bill for the board. Such a bill should contain the total amount of funds appropriated for the operations of the board and a total number of authorized full- and part-time positions.
- The Legislature should, in order to make the pro rata distribution of local ad valorem funds equitable between the school districts and the charter schools, consider amending MISS. CODE ANN. §37-28-55(2) and (3) (1972) to include the charter schools' average daily membership for month one of the current year in the denominator of the calculation.
    - The Legislature should consider reconstituting the board to establish terms of office that, when concluded, minimize the impact on the board's operations. b) The State Superintendent of Education should submit a nomination letter for the State Superintendent's appointee immediately to the Secretary of the Senate for the remainder of the appointee's three-year term, finishing in 2021.

- The MCSAB should, in order to improve its oversight of the CSP grant: follow through with its amendment to the CSP grant; follow sound contracting practices; ensure timely execution of contracts; only enter into contracts for work under the grant that have been approved by the USDOE; clearly understand grant requirements and allowable expenditures; and hold contractors accountable for performing work under the grant.

- The MCSAB should comply with DFA's State Travel Policy Rules and Regulations. In no case should the board pay for travel expenses of any job candidate. Further, the Office of the State Auditor should review the $1,069 expenditure made for job applicant travel to determine an appropriate resolution to this issue.

- The MCSAB should determine whether the V-Chief contract is still needed since the board now has full- time staff.

# Impact: Driver Service Bureau Management

### *Review of the Department of Public Safety Driver Service Bureau's Management of Customer Service Delivery (Report #638)*

The Department of Public Safety's Driver Service Bureau issues drivers' licenses to persons who wish to drive the state's roads, commercial drivers' licenses to those who drive commercial vehicles, and identification cards to persons who require a form of identification for such transactions. The Bureau maintains 34 permanent offices, which provide full services (i.e., drivers' testing, license renewals), and thirteen travel offices, which also provide full services, but are open only on a part-time basis. As of October 2019, the Bureau's field offices are staffed by 129 examiners. Changes in federal and state laws have impacted the functions of the Bureau, and necessitated an upgrade in the Bureau's computer system. Upon becoming operational in the fall of 2018, the new system has contributed to increased customer wait times.

**Have wait times for customers increased at Driver Service Bureau field offices?**

On average, customers' wait times to obtain drivers' licenses or ID card renewal services from Bureau field offices have tripled between FY 2017 and FY 2019. For example, at the Gulfport field office, average wait times increased from 11 minutes in FY 2017 to 1 hour and 33 minutes in FY 2019. In Jackson, at the Metrocenter field office, wait times increased from approximately an hour in FY 2017 to 2 hours and 20 minutes in FY 2019.

**What are the primary causes for the increases in customer wait times at Bureau field offices?**

There are varied reasons for the increases in customer wait times at the Bureau's field offices. Among these are an increase in the vacancy rate for examiner positions at the Bureau's field offices—which increased from 20% vacant positions in June, 2018 to 30% vacant positions in June, 2019. Additionally, issues associated with the development and implementation of the Bureau's new computer system have impacted wait times, specifically trouble interfacing with federal and out-of-state databases for some transactions, and issues with data migration and retention from the old computer system. Other challenges of the new computer system include its demanding documentation features (born out of necessity to comply with federal mandates) that lessens examiners' flexibility in processing transactions and contributes to increased wait times. Further, the training necessary to operate the new computer system and changing documentation requirements have challenged the Bureau's examiners and impacted wait times. Finally, processing times for routine transactions (i.e., driver's license, ID card, and CDL renewals) have increased 40% to 50% since implementation of the new computer system. While no single factor is overwhelmingly significant, when taken together, all contribute to increased times customers must wait.

**Are there tangential factors that have prevented customers from receiving timely service?**

The Bureau maintains 11 kiosks installed at 9 locations through the state and 5 stand-alone kiosks at county courthouses. However, problems with functionality, such has error messages that do not explain the nature of the error, and difficulty in accepting addresses input by customers inhibit the kiosks' usefulness. Further, incomplete or missing information on the DSB website affects the website's utility and impedes drivers from receiving timely services. For example, the DSB website contained an outdated application that would not be accepted at Bureau field offices, thus increasing wait times as customers filled out the correct form at the counter. The website does not publish an up-to-date location list and phone numbers for each field office, and does not inform customers of REAL ID requirements (i.e., documents required to obtain the new gold star license that the Bureau has issued since January 2019). Finally, incomplete or inaccurate information provided by Bureau examiner staff impacts a customer's ability to provide required documentation needed to complete transactions. Posing as a customer, PEER asked each DPS district headquarter office what documentation is required to change a maiden surname to a married surname on a driver's license. Nine headquarter offices told the "customer" to provide proof of marriage, while only one examiner described the three documents required to complete such a transaction.

**Can other states' driver customer service delivery models provide solutions for Mississippi's wait time issues?**

Contiguous states (i.e., Alabama, Arkansas, Louisiana, and Tennessee) provide potential solutions to Mississippi's increased wait time issues in two categories: face-to-face office services and online services. Face-to-face office service solutions reveal a trend of the contiguous states' departments of public safety or state police partnering with counties to offer driver services in Tennessee, while Alabama and Arkansas partner with another state agency to assist in service delivery. In addition to these inter- and intra-governmental partnerships, Louisiana trains and certifies private driving academies to administer road skills tests (the only option for such tests in Louisiana). Contiguous states' driver service delivery models provide local services in all counties and parishes except in Tennessee which has offices in 70 of its 95 counties. In contrast, the DSB has service offices in 43, or approximately half, of Mississippi's 82 counties. While Mississippi and all other contiguous states offer license and ID card renewals, CDL medical certification submissions, and driving history records requests online, some of the contiguous states also offer services unavailable in Mississippi including the ability to change an address, pre-register for new licenses and ID cards, obtain graduated licenses, and schedule regular road skills tests.

**What actions have been or could be taken to address customer wait time issues?**

Actions taken by DPS to improve issues with customer wait times:

- Filling vacant examiner positions;
- Implementing appointment scheduling for license renewals in 6 offices and weekend testing for youth drivers on a limited basis; and,
- Providing new kiosks and increased kiosk functionality to reduce the number of failed transactions.

DPS should consider other options to improve issues with customer wait times:

- DPS should consider implementing a home or school-based online testing protocol for youth drivers and certifying and accepting results from school-based driver education instructors as proof of mastering driving skills, if feasible. Additionally, DPS should allow young eligible drivers to obtain graduated licenses through the online portal when restrictions are removed as young drivers age.
- Further, the Bureau should utilize its new computer system to provide management information that can enhance efficient operations of the bureau by examining the types of services requested to determine if fast service queues are appropriate, analyzing examiners' workloads to determine which offices require additional staffing, potentially closing infrequently-used offices and reallocating those resources to busier offices, and finally, analyzing supervisor workloads to allocate them to field offices in a more equitable manner.
- DPS can improve website information by posting all field office telephone numbers, ensuring it maintains accurate information and forms online, posting the location of field offices and kiosks, and promoting online portal and self-service kiosks. Finally, DPS should consider expanding appointment scheduling to include road test appointments for obtaining new drivers' licenses.

# Impact: Information Technology Oversight and Service Delivery

### *Information Technology Oversight and Service Delivery in Mississippi State Government (Report #639)*

ITS conducts procurements on behalf of state agencies and institutions of higher learning utilizing 18 full-time employees, two contract employees, and two assistant attorneys general. In order to ensure sound, legal procurements, ITS utilizes a quality assurance process to review deliverables produced by ITS staff during the procurement process. Through interviews with ITS staff and a review of 14 procurement files, PEER determined various ineffiencies exist in the procurement process, some of which are a result of internal ITS inefficiencies, while others are a result of poor communication on the part of state agencies and ITS:

- ITS did not complete procurements within its own timeframes in 9 of the 14 procurements;
- The quality assurance process is not risk-based and leads to delays in the procurement process;
- ITS has no style guide and utilizes out-of-date templates, leading to delays;
- State agencies submit incomplete procurement requests, delaying the start of procurements;
- State agencies offer delayed responses to ITS requests for needed information, delaying the start of procurements;
- Miscommunication regarding when a procurement truly begins leads to frustration from the agency perspective; and,
- ITS does not sufficiently monitor its procurement performance.

**Project Management**:

ITS has not developed uniform project management standards for use in the planning, procurement, and implementation phases of an IT project, which increases the risk of IT project failure. Non-uniform requirements during the procurement phase, including not requiring business cases or security assessments for projects below $1 million in total cost, as well as ill-prepared agency presentations to the ITS board when seeking approval for a procurement, threaten successful project management from the beginning of a project. Additionally, ITS resources (e.g., agency IT plans, the Strategic Services Division, and its ability to reject procurements) are not utilized to ensure ITS and agencies are planning for IT projects sufficiently prior to initiating a procurement. During the Department of Public Safety (DPS) Driver License System Modernization Project, an independent audit performed by MTG Management Consultants noted various project management issues, including not sufficiently validating requirements defined in the RFP, thus demonstrating a disconnect between the procurement and implementation phases of the project. Additionally, during implementation, DPS failed to assign a full-time project manager. A further issue exists in the lack of a statewide quality assurance tool to validate requirements for product acceptance – another key issue noted in the MTG audit of the DPS Driver License System Modernization Project. Finally, MISS. CODE ANN. § 25-53-21(c) (1972) provides ITS the authority to compel agencies to produce reports and allows for inspections of IT agency operations. Currently, ITS does not utilize that authority to oversee IT project management statewide. Texas and Tennessee both utilize similar statewide project management frameworks based on accepted methodologies to promote successful IT project management.

**Procurement and Project Management Recommendations**:

With regard to the ITS procurement process, ITS should evaluate its procurement assignment system to allow ITS staff to begin work on procurements earlier in the process; develop a user's guide so that agencies can better understand what information is required for a particular procurement; reform its quality assurance process to a risk-based process. ITS should evaluate the discrepancies in security assessment and business case requirements to ensure investments in IT are based on sound reasoning. Agencies should also ensure business cases are well-developed so that agency staff can adequately present procurements to the ITS Board for approval.

**The Shift in the ITS Business Model**:

ITS still provides some shared services, such as housing servers in the state data center, at no cost to state agencies. However, ITS is increasing its use of managed services, which private vendors provide to state agencies at a rate decided upon in a statewide master contract between ITS and the managed service provider.

PEER found that ITS does not fully utilize its planning resources (i.e., the Business Relationship team, training opportunities) to capitalize on current shared services, which could reduce technological duplication at the agency level. Further, PEER questions whether ITS has best positioned itself to expand its use of managed service providers. As ITS plans to implement a hybrid cloud managed service for agencies to utilize, PEER found ITS has not positioned its workforce (specifically the infrastructure group) to be ready for such a change and to effectively assist agencies in utilizing the managed service. Finally, PEER found contract management issues in the oversight of the Knowledge Services master contract (a contract for procuring IT-related independent contractors). Insufficient monitoring of Knowledge Services performance metrics, overlooking a requirement for a customer service survey, a lack of initial, adequate oversight parameters, and a lack of insight into fees Knowledge Services charges to potential independent contracts indicate that ITS is not fully ready to expand its use of managed service providers to deliver IT services to state agencies.

**Performance Measures**:

ITS currently lacks performance measures in its Administration, Information Systems Services, Data Services, and Information Security Services budget programs. According to an IBM study, performance measures dependent on other organizational units meeting their targets (i.e., agencies submitting complete procurement requests) can prove challenging, though still necessary. Additionally, IT organizations need to carefully manage IT metrics for cost, such as the amount agencies are spending on ITS strategic priorities, for example the new hybrid cloud managed service.

**Potential Cost Savings from Reducing Independent Contractor Expenditures**:

Agencies currently pay high costs for skilled IT personnel by procuring independent contractors (ICs). In an analysis of private sector IT salaries compared to IC costs at the Division of Medicaid and the Department of Human Services, PEER found that if agencies could pay ICs a comparable market rate, $2.7 million in cost savings could be realized in those two agencies alone.

**ITS Business Model, Independent Contractor Cost Savings, & Performance Measurement Recommendations**:

ITS should ensure staff managing contracts and services in the managed service provider business model possess the necessary skillsets and knowledge bases to allow for effective contract management, while also ensuring agencies are aware of both shared and managed service offerings to realize a benefit from reduced duplication and increased economies of scale. The Legislature should instruct the State Personnel Board (SPB) and ITS to perform a statewide projection of cost savings from paying skilled and high-demand IT positions at a competitive market rate rather than expending funds to procure IT- related independent contractors. Findings should be reported to the Legislature by December 1, 2020. In order to more accurately measure its performance, ITS should ensure that all budget programs have necessary performance measures. For example, the time needed to complete the RFP process could prove indicative of ITS procurement staff performance, or the percent of total statewide IT expenditures for newly implemented managed services could demonstrate agency use and the success of the managed service.

**Other Policy Options:**

The Legislature should codify the principles of effective information management, as has been done by the federal government, to ensure that Mississippi takes full advantage of its information resources.

# Impact: Early Learning Collaborative Act of 2013

### *2019 Report on the Early Learning Collaborative Act of 2013: An Evaluation of the Operation and Effectiveness of the Program (Report #640)*

**Purpose and Scope**:

In its FY 2021 budget request, the Mississippi Department of Education (MDE) is seeking an additional $3.2 million for the state's prekindergarten program, bringing the total program funding to $9.9 million annually. Thus, the Legislature will need information for the 2020 Regular Session to determine whether to expand the program by appropriating the requested additional funds. This is the second evaluation of the prekindergarten program conducted by PEER, with the first evaluation conducted in 2015.

**Background**:

In its 2013 Regular Session, the Legislature enacted the "Early Learning Collaborative Act of 2013," which directs MDE to implement a voluntary prekindergarten program in the state on a phased-in basis. The prekindergarten program's purpose is to help ensure that all children have access to quality early childhood education and development services. Mississippi's prekindergarten program received legislative appropriations of $14.5 million from FY 2017-19. This funding assisted fourteen early learning collaboratives (including 62 sites) in implementing prekindergarten programs that served approximately 2,220 students in the 2018-19 school year. Based on MDE's evaluation of collaboratives and sites for the 2018-19 school year, MDE rated 59 sites successful and placed three sites on probation. Research evidence suggests that public prekindergarten programs have a positive short-term impact on children's cognitive abilities and their readiness for kindergarten. However, there is not sufficient evidence to conclude that public prekindergarten programs have a positive longer-term impact. Thus, it is essential for the state to develop a research strategy to demonstrate prekindergarten program impacts, and it is incumbent upon MDE to identify the best approaches to use in early learning collaborative classrooms that will lead to positive short and long-term impacts.

**Improved Ability to Measure Program Success:**

In school year 2014-15, MDE used one test to measure program effectiveness—the Kindergarten Readiness Assessment. Since then, MDE improved its ability to measure program effectiveness by adding two additional tests—the Brigance III and the Classroom Assessment Scoring System (CLASS). These tests are used nationwide and are better suited for measuring the success of the program.

**Inadequate Method for Scoring Sites and Collaboratives**:

MDE's method for evaluating collaboratives and sites results in a "rate of readiness" score, which can lead to probation and ineligibility for program funds. This "rate of readiness" calculation fails to adequately measure collaborative and site performance. For example, MDE's scoring method for the Kindergarten Readiness Assessment fails to account for student starting scores; thus, a collaborative might do well or poorly based on the natural abilities of the students and not on the contributions of the collaboratives themselves. Also, this scoring method incorporates several arbitrary values.

**Use of Curriculum That is Not Evidence-based or Research-based**:

Beginning in the 2019-20 school year, MDE now requires that all collaboratives use the Opening the World of Learning (OWL) curriculum. However, this curriculum does not qualify as evidenced-based according to MISS. CODE ANN. Section 27-103-159 (1) (a) (1972), and there is not sufficient research to demonstrate its effectiveness in improving student learning.

## PEER’s Independent Evaluation of Program Effectiveness

### Evaluation of Kindergarten Readiness Assessment Scores:

The Kindergarten Readiness Assessment (KRA) is a literacy test that classifies children into one of four levels. PEER’s evaluation of KRA scores found that six collaborative sites (9%) performed significantly better than the comparison group (i.e., non-collaborative prekindergarten students), and two collaborative sites (3%) performed significantly worse. The remaining 57 sites (88%) did not perform significantly better or worse than the comparison group.

### Evaluation of Brigance III Scores:

The Brigance III is a test given to students to measure their growth in various areas (e.g., motor skills, mathematical skills) over the course of a school year. PEER’s evaluation of Brigance III scores found that average scores improved for the majority of sites from the pre-test to the post-test in the 2018-19 school year. Twenty-five sites (39%) improved by a statistically significant amount (i.e., to a degree distinguishable from chance). No site experienced a decrease that was statistically significant. A closer look at those sites with statistically significant improvements could provide valuable insight into what factors might be contributing to these positive results.

### Evaluation of Classroom Assessment Scoring System (CLASS) Scores:

The final test MDE uses in its effectiveness evaluation is the Classroom Assessment Scoring System (CLASS), which is divided into three domains:

- Emotional Support - Mississippi’s collaborative classrooms were highly successful in the Emotional Support domain of the CLASS, with fifty percent of classrooms scoring above the 90th percentile nationally. The Emotional Support domain measures the social and emotional aspects of prekindergarten classrooms, and some research suggests that the provision of a stable daytime environment (such as classrooms scoring high on this domain) is an important benefit of prekindergarten. Although there was widespread success in this domain, nine classrooms scored 5.5 or below on the 7-point scale. MDE should assess these classrooms to determine the reasons for these low scores.

- Classroom Organization - Mississippi’s collaborative classrooms were close to the national norms on the Classroom Organization domain of the CLASS, which measures the classroom’s management of students. MDE should take a closer look at the twenty classrooms that scored on the bottom end of the distribution to determine why their scores are so low in this domain.

- Instructional Support - Mississippi’s collaborative classrooms performed worse than the national norms on the Instructional Support domain of the CLASS, which measures the extent to which teachers implement the curriculum to effectively promote cognitive and language development. No classrooms performed in the high scoring range for instructional support, and 25 classrooms (20%) performed below the 10th percentile nationally. MDE should focus on assessing the reasons for low performance on the instructional support domain of the CLASS.

# Impact: Public Employees' Retirement System

### *2019 Update on Financial Soundness of the Public Employees' Retirement System (Report #641)*

The Public Employees' Retirement System of Mississippi (PERS) is a defined benefits retirement plan for a majority of the employees (and/or their beneficiaries) of state agencies, counties, cities, colleges and universities, public school districts, and other participating political subdivisions. State law requires PEER to report annually to the Legislature on the financial soundness of PERS. In addition to the PERS plan, Mississippi's public retirement system consists of five other retirement plans (or programs) that provide retirement allowances and other benefits to segments of Mississippi public employees. The system is under the administration of the 10-member PERS Board of Trustees, which has a primary responsibility of ensuring adequate funding of the plans it administers. One means of accomplishing this task is by setting contribution rates for employers participating in the plans.

Due to the timing of this year's report and a change in the release date of the PERS plan's annual valuation, this report provides a review of the PERS Board's actions (based on actuary recommendations concerning the plan's most recent experience study, and a limited review of the plan's financial stance). This report also includes information on the use of "cost-of-living adjustments" by defined benefits plans across the country and an overview of the Mississippi Government Employees' Deferred Compensation Plan and Trust (MDC) and the results of a targeted survey of its members satisfaction.

**PERS Economic Assumption Changes**:

The PERS Board, in consultation with its actuaries, develops an actuarial model based on such assumptions as projected investment returns, payroll increases, inflation, retirement ages, mortality rates, marriage rates, and accrued leave to project the system's future assets and liabilities. Although the PERS Board sets plan assumptions based on biennial experience studies, the plan's actual experience (e.g., investment returns or mortality rates) is a product of environmental and demographic factors. Variances in the actual experience of the plan compared to the model's assumptions have an impact on the plan's financial condition. Therefore, the PERS Board, with assistance from its staff and other contractual advisers, endeavors to maintain the actuarial soundness of the plan by monitoring all components used in the PERS actuarial model through quarterly updates on the performance of the System's assets and annual actuarial updates in conjunction with annual projections and biennial experience reports. Because of its most recent four-year experience study, ending June 30, 2018, the PERS Board adopted decreases in the plan's price inflation and wage inflation assumptions and adopted amendments to components of the plan's funding policy to install a method to reduce the plan's investment return assumption to the rate most recently recommended by the plan's actuary.

**PERS Demographic Assumption and Other Assumption Changes**:

The demographic assumptions of the model seek to explain the effects of retirements (service and disability), withdrawals, mortality, and salary increases on the plan. These assumption levels are based on subsets of the plan members, grouped by age, gender, and years of service. These assumptions are assessed during the PERS Board's biennial experience studies to compare what happened to the membership of the plan during the evaluation period (the four-year period ending June 30, 2018) with what was expected to occur based on the assumptions used in the most recent actuarial valuations. Based on this study, the PERS Board adopted changes to many of its demographic assumptions, including adoption of the new Society of Actuaries' public retirement plan mortality tables.

**Active Member to Retired Member Ratio**:

From FY 2009 through FY 2019, the ratio of active members to retired members decreased by approximately 36%, driven by an increasing number of retirees and a decreasing number of active members for the period. The ratio of active members to retired members fell to 1.37:1 during FY 2019 (down from 1.40:1 in FY 2018). However, for the first time since FY 2014, PERS number of active memberships remained flat. As a maturing plan, PERS's model expects, and attempts to account for these increases, but this decrease results in the funding of future pension obligations over the payroll of fewer active members.

**Amendments to the PERS Funding Policy**:

During its October 2019 meeting, the PERS Board finalized the adoption of amendments to the plan's funding policy to reflect the method the PERS plan will use to lower its investment return assumption from its current rate of 7.75% to the actuary's recommended rate of 7.50%. Unlike the one-time adoption of the plan's other assumption changes (price inflation assumption, wage inflation assumption, and demographic assumptions) the PERS Board's adoption of the change in the investment return assumption will be phased in over time utilizing any excess returns, above the current 7.75%, generated by the plan's investments in future periods.

**Investment Management**:

For FY 2019, PERS plan's combined investment portfolio realized a return of approximately 6.87% while the market value of assets grew from approximately $28.1 billion to $28.6, an increase of approximately $0.5 billion. PERS investment performance for FY 2019 was below the current actuarial model's target investment return of 7.75% and placed it above the median return for its peer group of 6.56%. Additionally, PERS investment performance has exceeded its peer group median for each of the past three-, five-, and 10-year periods.

**Cost of Living Adjustment:**

Under MISS. CODE ANN. Section 25-11-112(1) (1972), PERS retirees receive a 3% cost-of-living adjustment that automatically increases annually, either by a simple or compounding method depending on the person's age and date of employment. According to information from the National Association of State Retirement Administrators December 2018 NASRA Issue Brief: Cost-of-Living Adjustments, like PERS, 36 of the 99 state-level public pension plans (in the survey) provide some form of compounded cost-of-living adjustment to retirees.

**Mississippi Government Employees' Deferred Compensation Plan and Trust**:

The Legislature created the Government Employees' Deferred Compensation Plan and Trust (MDC) in 1973, later codified in MISS. CODE ANN. Section 25-14-1 et seq. (1972), as a supplementary, state-sponsored, voluntary deferred compensation plan for employees of various state and local government entities. State Law charges the Public Employees' Retirement System (PERS) of Mississippi with the oversight and administration of MDC, which the PERS Board accomplishes through its Defined Contribution Committee. Under its authority as the administrator of the MDC, the PERS Board selects the investment options available within the plan. Since the inception of the MDC, the PERS Board has administered the plan through a third-party administrator, currently Great-West Life & Annuity Insurance Company, who is doing business as Empower Retirement. As MDC's recordkeeper, Empower Retirement receives oversight through an annual attestation engagement audit, periodic compliance reviews from the Mississippi Secretary of State's Securities Division, and contractual metrics.

# Impact: State Government Purchasing

### *State Government Purchasing: A Review of Recent Statutory Changes (Report #642)*

The Public Procurement Review Board (PPRB) is the state level oversight and approval body responsible for the monitoring purchases made by state agencies and governing authorities as defined in MISS. CODE ANN. Section 31-7-1 (1972), and all personal and professional services contracts involving the expenditure of funds in excess of seventy-five thousand dollars ($75,000).

**2017 Amendments to State Procurement Law:**

H.B 1106:

- amended MISS. CODE ANN. Section 31-7-13 (c) (v) (1972) to require agencies and governing authorities to provide, in cases in which a procurement would exceed $50,000, a potential supplier with the ability to submit a competitive bid electronically; but,
- makes exclusions for agencies or governing authorities based on technical capabilities and population size.

H.B. 1109:

- established procurement best practices for Request for Proposals (RFP) and Request for Qualifications (RFQ) use;
- abolished Personal Service Contract Review Board and transferred its authority and responsibilities for personal services to the Public Procurement Review Board; and,
- made reverse auctions the preferred method of procurement (excluding individual state institutions of higher learning) for commodities and certain other items or services designated in Section 31-7-13 (1972) when such procurements exceed $50,000.

**Effects of H.B. 1106 and H.B. 1109 on the State's Public Procurement Process:**

- PPRB's purview expanded to include approximately 100 state agencies, 82 counties, 298 incorporated municipalities, and 140 school districts;
- PPRB must now review and approve all commodity and equipment procurements in excess of $500,000, contracts making use of alternative procurement process other than reverse auctions, and personal service contracts in excess of $75,000;
- purchasing entities must now adhere to a more formalized PPRB reporting and scheduling timeline; and,
- reverse auctions are the preferred procurement option for all public purchasing entities, but has been criticized as duplicative oversight and questionable benefit in particular applications.

**Public Purchasing Entities Surveyed:**

In order to assess the impact of H.B. 1106 and H.B. 1109 on the state's procurement processes, PEER surveyed 54 purchasing entities across the state and:

- there was a general perception among public purchasing professionals that reverse auctions increased the time necessary to make a procurement, decreased the number of vendors willing to participate in public contract offerings, and did not produce noticeable price savings as compared to the previous competitive bid selection method; and,
- a general perception that the new RFP and RFQ best practices standards had increased the time necessary to complete a procurement, decreased vendor participation in the RFP and RFQ process, and had no noticeable price savings effect compared to the previous RFP and RFQ guidelines.

**Reverse Auction Overview**:

In a traditional auction, interested buyers bid against one another to purchase an item, or items, until the one willing to pay the highest remains. However, reverse auctions are the opposite of traditional auctions. As described by the National Association of State Procurement Officials (NASPO) *Reverse Auctions: A Roadmap for Success*, reverse auctions are a procurement tool that allows for multiple vendors to compete in real time, in a fixed duration bidding event. During the reverse auction process, the buyer will receive decreasing offers from prospective sellers for a particular product. The auction ends at a predetermined time, and the at the conclusion of the reverse auction the item is purchased from the seller offering the lowest price.

**Factors Needed for a Successful Reverse Auction:**

Reverse auctions offer the buyer and seller of goods a chance for better pricing outcomes in a more competitive and transparent environment, while simultaneously lowering procurement costs and increasing procurement personnel efficiency. However, there are also some limitations to using reverse auctions if they are utilized inefficiently, such as increased time and resources to prepare the reverse auction and establish the starting bid or potentially limiting the number of vendors willing to participate in the bidding process. When conducting reverse auctions, public purchasing professionals should consider and incorporate ten factors into their reverse auction process, which include:

- market conditions;
- nature of the goods being sought;
- selecting a reverse auction model;
- preparing a request for qualification;
- developing auction rules;
- pre-qualification and invitations;
- education, communication and training;
- conducting the reverse auction;
- follow-up activities; and,
- maintaining buyer/supplier relationship.

**Recommendations for Improving PPRB's Oversight Role:**

- The Legislature should amend MISS. CODE ANN. Section 27-104-7 (1972) and relevant sections of MISS. CODE ANN Section 31-7-1 et seq. (1972) to clarify the authority of the Public Procurement Review Board (PPRB) to allow the board to delegate to the Department of Finance and Administration staff approval or reverse auction exemption requests under certain circumstances; and to provide the board with authority to waive certain best practices found in MISS. CODE ANN. Section 31-7-401 through 31-7-423 (1972) when in the best interest of the state and when the board has no concerns regarding competition, transparency, or fairness.

- The Legislature should amend relevant sections of MISS. CODE ANN. Section 25-53-1 et seq. (1972) and Section 31-7-1 et seq. (1972) to require the Department of Information Technology Services (DITS) to review reverse auction exemption requests from governing authorities when procurements are information technology-related.

- The Legislature should amend MISS. CODE ANN. Section 31-7-13 (1972) and MISS. CODE ANN. Section 27-104-7 (1972) to clarify that the PPRB has authority to adopt rules and regulations regarding the reverse auction requirement for state agencies and governing authorities.

- The Legislature should amend MISS. CODE ANN. Section 27-104-7 (1972) and MISS. CODE ANN. Section 25-53-5 (1972) to require the PPRB and the DITS to evaluate jointly on a biennial basis the procurement process utilized by all state agencies. In addition, the Legislature should repeal MISS. CODE ANN. 5-3-72 (1972) that currently requires the Joint Legislative PEER Committee to conduct such a biennial review.

# Impact: Medicaid Elderly and Disabled Waiver Program

### *Role of Personal Care Attendants in the Delivery of Services through the Medicaid Elderly and Disabled Waiver Program (Report #643)*

Providing personal care services through Medicaid is a more cost-efficient option for states, as it allows more individuals to remain in their homes and communities rather than in an institutional setting. According to the AARP, the median annual cost of a nursing facility was $97,455 for a private room and $87,600 for a shared room in comparison to a median annual cost of $18,200 for adult day services in 2017.

**What is the Elderly and Disabled Waiver?**

The Medicaid Elderly and Disabled Waiver provides home and community-based services to individuals age 21 years old and older who would otherwise require the level of care provided in a nursing facility. Beneficiaries of this waiver must also meet certain financial and medical requirements. If eligible and approved for the waiver, the beneficiary may receive personal care (and other) services.

**How much does it cost to administer the Elderly and Disabled Waiver in Mississippi?**

According to Division of Medicaid staff, a maximum of 17,800 waiver participants can be served at any one single point in time. As of October 29, 2019, there are 19,795 personal care attendants available to serve participants in the Elderly and Disabled Waiver.

**What concerns were raised about personal care services funded through Medicaid's Elderly and Disabled Waiver?**

PEER staff attended several meetings between home care provider agency representatives, Division of Medicaid staff, and Mississippi Department of Health staff to discuss multiple concerns raised about the administration and delivery of personal care services funded through the Elderly and Disabled Waiver. Many of these concerns focused on the increased operational costs in providing personal care services, coupled with decreased Medicaid reimbursement rates and increased administrative requirements. These providers also raised concerns about the training requirements of personal care attendants, challenges in retaining higher skill level staff, and wanting to limit the growing number of home care providers.

**What solutions could be considered to address personal care service concerns?**

PEER sought to identify any potential solutions that could potentially be implemented to improve the delivery of personal care services based on the concerns raised by the home care provider agency representatives, where applicable, including:

- The Division of Medicaid (DOM) should continue to monitor the reimbursement rates and update the actuarially-sound rates upon any substantive program changes, as warranted.
- DOM and MSDH should continue the development of the interagency agreement that would allow home care providers access to the FingerPro system.
- DOM should continue working on any operational improvements to MediKey, as necessary.
- DOM should review, update, and align the requirements specific to personal care attendants.
- MSDH should continue to work with the home care agencies to identify a feasible option in the development of a training program to allow for the recertification of their Certified Nurse Aide employees.
- DOM should periodically review the service provider selection and placement of waiver participants periodically by both planning and development district and provider agency.

In addition to the above recommendations regarding specific home care provider concerns, DOM should:

- consider the potential for implementing and measuring health-outcome quality metrics for their waiver programs; and,
- continue exploring the feasibility of potential options for improvements to providing long-term services and supports, such as value-based payments.

# Impact: Legislative Support

## ***Legislative Assistance***

PEER Committee rules state that PEER staff will provide assistance to any legislator or legislative committee upon request. During FY 2020, PEER staff completed 93 legislative assistance projects, ranging from simple information and data requests to more complex direct assistance on behalf of committees or subcommittees. The following list illustrates the types of assistance provided by PEER staff:

- Transportation and road information;
- PERS information;
- Workforce development;
- State government purchasing;
- CARES Act Information; and,
- School bonds and pupil expenditures.

## ***Appointee Background Investigations***

Since 1977, Senate committees have routinely requested PEER staff to conduct background investigations of appointees to assess each appointee's compliance with statutory qualifications and general fitness to hold office prior to their consideration for advice and consent of the Senate. During FY 2020, PEER staff completed 31 background investigations of gubernatorial and other appointees appointed to state boards or commissions. Some of the more notable background investigations included appointees to the:

- State Board of Education;
- Public Procurement Review Board;
- Mississippi Lottery Corporation Board of Directors;
- State Board of Contractors;
- Board of Pharmacy;
- State Oil and Gas Board;
- Board of Nursing; and,
- Selected state agency executive directors.

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