

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



2003 Cost Analysis of Housing Inmates in Regional Correctional Facilities

The PEER Committee conducted this cost analysis to determine the necessary per diem, per inmate cost at the state's regional facilities and establish a breakeven point for each facility for 2003.

PEER found that the number of inmates guaranteed by the MDOC Inmate Housing Agreement exceeds the breakeven point associated with housing state inmates in seven of the eleven regional facilities reviewed. PEER also identified \$551,520 in costs that, if eliminated, would reduce the number of inmates required to break even at the eleven regional facilities. With these costs removed, the regional facilities have an inmate breakeven point averaging 188, which is below the number currently guaranteed in the Inmate Housing Agreement (200).

Since PEER's breakeven cost analyses reports in 2001 and 2002, which reported each regional facility's legal and American Correctional Association (ACA) expenses, reductions in attorneys' and ACA service providers' expenses have resulted in total savings of \$363,964. The reduction of these expenses has decreased the breakeven point and increased the financial strength of the regional facilities that have reduced these costs.

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

PEER Committee
Post Office Box 1204
Jackson, MS 39215-1204

(Tel.) 601-359-1226
(Fax) 601-359-1420
(Website) <http://www.peer.state.ms.us>

The Mississippi Legislature
Joint Committee on Performance Evaluation and Expenditure Review
PEER Committee

SENATORS

BOB DEARING
Vice Chair
HOB BRYAN
Secretary
TERRY BURTON
BILLY HEWES
JOHNNIE WALLS, JR.

TELEPHONE:
(601) 359-1226

FAX:
(601) 359-1457



Post Office Box 1204
Jackson, Mississippi 39215-1204

www.peer.state.ms.us

Max K. Arinder, Ph.D.
Executive Director

REPRESENTATIVES

MARY ANN STEVENS
Chair
BILLY BOWLES
ALYCE CLARKE
HERB FRIERSON
TOMMY HORNE

OFFICES:
Woolfolk Building
501 North West Street, Suite 301-A
Jackson, Mississippi 39201

December 19, 2003

Honorable Ronnie Musgrove, Governor
Honorable Amy Tuck, Lieutenant Governor
Honorable Tim Ford, Speaker of the House
Members of the Mississippi State Legislature

On December 19, 2003, the PEER Committee authorized release of the report entitled **2003 Cost Analysis of Housing Inmates in Regional Correctional Facilities.**

A handwritten signature in cursive script, reading "Mary Ann Stevens".

Representative Mary Ann Stevens, Chair

This report does not recommend increased funding or additional staff.

Table of Contents

Letter of Transmittal	i
List of Exhibits	v
Executive Summary	vii
Introduction	1
Authority	1
Purpose and Scope.....	1
Method	1
Background: Regional Correctional Facilities	5
Analysis of Cost of Housing State Inmates in Regional Correctional Facilities	9
Step 1: Determine the required daily census for each regional facility to break even, using weighted average per diem rates and actual costs	9
Step 2: Identify and exclude any unnecessary costs and re-compute the breakeven analysis	15
Savings in Attorneys' Salaries and Fees and ACA Service Provider Costs Since 2001	23
Regional Facility Costs for Housing Non-State Inmates	26
Step 3: Determine the breakeven point and cost per day for non-state inmates.....	26
Recommendations	30
Appendix A: Regional Facility Comparison, General Information by Facility, October 1, 2002, through June 30, 2003	32
Appendix B: Regional Facility Comparison, Expenditures by Facility, October 1, 2002, through June 30, 2003	34

List of Exhibits

1. Mississippi's State, Regional, and Private Correctional Facilities (As of June 30, 2003).....	5
2. Regional Correctional Facilities in Operation and Per Diem as of June 30, 2003.....	8
3. Daily State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs.....	10
4. Cost Itemization with Weighted Average Per Diem and Actual Costs.....	11
5. Comparison of 2001, 2002, and 2003 Breakeven Points for Selected Facilities.....	13
6. Computation of Facilities' Attorney Compensation.....	16
7. Computation of Facilities' Accreditation and Program Service Provider Cost.....	19
8. Computation of Facilities' Compensation to Sheriffs.....	20
9. State Inmate Breakeven Point When Excluding \$551,520 in Costs Above the Level PEER Determined to Be Reasonable.....	21
10. Weighted Average Per Diem and Without Costs PEER Determined to Be Above a Reasonable Level.....	22
11. Reduction in Attorneys' Salaries and Fees Since 2001	24
12. Reduction in ACA Service Provider Cost Since 2001	25
13. Daily Non-State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs.....	27
14. Daily Non-State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs.....	29

2003 Cost Analysis of Housing Inmates in Regional Correctional Facilities

Executive Summary

Introduction

Pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972), the PEER Committee conducted a cost analysis to determine the necessary per diem, per inmate cost at the state's regional facilities and establish a breakeven point for each facility for 2003.

Analysis of Cost of Housing State Inmates in Regional Correctional Facilities

PEER found that the number of inmates guaranteed by the MDOC Inmate Housing Agreement (200) exceeds the breakeven point associated with housing state inmates in seven of the eleven regional facilities reviewed. The four facilities with breakeven points above 200 (Holmes-Humphreys, Issaquena, and Jefferson-Franklin, and Marion-Walthall) have negative cash flows when they only house the guaranteed minimum of 200 state inmates.

PEER identified \$551,520 in costs that, if eliminated, would reduce the number of inmates required to break even at the eleven regional facilities. PEER determined that \$243,940 in attorneys' salaries and fees; \$153,480 in program and accreditation fees; and \$154,100 in payments to county sheriffs were above the reasonable level.

With these costs removed, the regional facilities have an inmate breakeven point averaging 188, which is below the number currently guaranteed in the Inmate Housing Agreement (200).

Savings in Attorneys' Salaries and Fees and ACA Service Provider Costs Since 2001

Since PEER's breakeven cost analyses reports in 2001 and 2002, which reported each regional facility's legal and American Correctional Association (ACA) expenses, reductions in attorneys' and ACA service providers' expenses have resulted in total savings of \$363,964. The reduction of these expenses has

decreased the breakeven point and increased the financial strength of the regional facilities that have reduced these costs.

Regional Facility Costs for Housing Non-State Inmates

None of the eleven regional facilities reviewed received sufficient per diems from local government entities to reach the breakeven point for housing non-state inmates. Regional facilities use revenues generated from housing state inmates to defray the costs of housing non-state inmates.

Recommendations

Designation of Chief Corrections Officer

The Legislature should amend MISS. CODE ANN. Section 47-5-935 (1972) to allow counties to designate a regional facility's warden as Chief Corrections Officer, without additional compensation for performing these duties. The Legislature should amend the section to delete the requirement that sheriffs receive \$15,600 compensation for duties as Chief Corrections Officer.

If the warden is designated as Chief Corrections Officer, the Legislature should amend MISS. CODE ANN. §47-5-937 (1972) to allow the warden to hire legal counsel for the regional facility, with the legal counsel contract term not to exceed the term of the sitting board of supervisors.

Local Government Per Diem

Regional correctional facilities should increase per diems of local government entities at least to the level of the state's first year per diem amount of \$24.90 at the time contracts with local government entities are renewed or new agreements are reached with local government entities.

For More Information or Clarification, Contact:

PEER Committee
P.O. Box 1204
Jackson, MS 39215-1204
(601) 359-1226
<http://www.peer.state.ms.us>

Representative Mary Ann Stevens, Chair
West, MS 662-976-2473

Senator Bob Dearing, Vice Chair
Natchez, MS 601-442-0486

Senator Hob Bryan, Secretary
Amory, MS 662-256-9989

2003 Cost Analysis of Housing Inmates in Regional Correctional Facilities

Introduction

Authority

The PEER Committee conducted a cost analysis to determine the necessary per diem, per inmate cost at the state's regional facilities and establish a breakeven point for each facility for 2003 pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972).

Purpose and Scope

PEER reviewed the financial records of the eleven regional facilities from October 1, 2002, through June 30, 2003, and sought to determine each facility's breakeven point and associated cost per inmate day for state inmates and non-state inmates by examining each facility's financial records. PEER also eliminated any costs beyond the amount PEER determined to be reasonable in determining each facility's necessary per diem.

Method

To determine the necessary per diem, per inmate costs associated with housing state inmates and to translate those costs into a daily census, PEER conducted the analysis in three steps.

Process for Analyzing Costs of Housing Inmates

- **Step One:** Determine the level of operations at which each regional correctional facility's revenues and costs are equal (i.e., *breakeven point*, discussed below) based on analysis of actual costs of housing state inmates. For each regional facility, PEER used actual costs for October 1, 2002, the beginning of the fiscal year for the facilities, through June 30, 2003, which represents the most recent cost information and

inmate population for the facilities at the time of PEER's review.

Since each facility's per diem increased during PEER's review period of October 1, 2002, through June 30, 2003, a *weighted average per diem* was calculated for presentation in this report. The weighted average per diem is impacted by the date the per diem increased and the number of inmates housed at the facility before and after the per diem increase.

- **Step Two:** Identify any unnecessary costs and re-compute the breakeven analysis using the adjusted values.
- **Step Three:** Compute the breakeven point and cost per day for non-state inmates. These calculations are intended to determine the non-state inmate census necessary to support non-state-related expenses given each facility's per diem for non-state entities.

Definitions Used in Cost Analysis

PEER's report of this cost analysis contains several critical definitions and assumptions, including *breakeven point* and *fixed and variable costs*.

Breakeven Point

The *breakeven point* is the point at which a correctional facility's revenues are equal to the costs incurred to house the inmates.

The *breakeven point* is the level of operations at which a facility's revenues and costs are equal. At the breakeven point, the facility neither makes a profit nor incurs a loss. In this analysis, "revenues" are any funds received by a facility for the housing and care of inmates and other revenues such as interest earned. The breakeven point is the point at which these revenues are equal to the costs incurred to house the inmates.

Fixed and Variable Costs

A *fixed cost* remains unchanged over a relevant range of volume. *Variable costs* change in proportion to changes in volume.

For the purposes of this study, a cost is classified as either fixed or variable. A *fixed cost* remains unchanged over a relevant range of volume. For example, debt service is a fixed cost and remains the same whether a regional facility houses 150 state inmates or 250 state inmates. However, the decision to increase the number of state inmates to 500 at a facility would require additional facilities to be constructed, which would require new debt to finance the additional facilities. The new debt would represent additional fixed costs.

Variable costs change in proportion to changes in volume. For example, food costs fluctuate with the number of inmates housed at a facility.

Cost Allocation

To determine the cost per diem of housing inmates at regional correctional facilities, PEER categorized costs into six components and allocated them on the basis of the ratio of state inmate days (i.e., the sum of daily censuses for a specified period) to non-state inmate days or the ratio of square footage for state inmates and non-state inmates. The categories of cost allocation are:

- **Housing and Visitation**--includes correctional officer salaries and benefits, commodities, and occupancy costs, such as utilities. PEER allocated correctional officer salaries and benefits and commodities by inmate days and allocated occupancy costs by square footage.
- **Program and Treatment Costs**--includes the cost of providing educational, religious, and drug and alcohol rehabilitation courses to inmates. MISS. CODE ANN. §47-5-931 (1972) requires each facility to be designed, constructed, operated, and maintained in accordance with American Correctional Association (ACA) standards. This category also includes the cost of hiring consultants or having in-house personnel to help facilities obtain and maintain accreditation from the ACA. PEER allocated to state inmates all educational and treatment program costs, ACA consultant costs, and costs for regional facility employees who have been assigned ACA responsibilities, because programs are not offered to non-state inmates and the state mandates compliance with ACA standards.
- **Food Service**--includes the cost of the food purchased for inmates, salaries of kitchen personnel, and kitchen supplies. PEER allocated food service costs based on the ratio of state inmate meals served to non-state inmate meals served.
- **Medical Services**--includes the unreimbursed cost of providing a nurse, medical supplies, and medical services to inmates. MDOC reimburses each regional facility a pro rata share of the nurse's salary, medical supplies, and medical services based on inmate days.

In PEER's 2001 report, *"Cost Analysis of Housing State Inmates in Regional and Private Correctional Facilities,"* PEER did not allocate medical expenses for housing state inmates because MISS. CODE ANN. §47-5-933 (1972) specifies that the state has responsibility for the medical care of state offenders. However, during the 2002 review, PEER found the state's share of medical expenses based solely on inmate days exceeded the MDOC reimbursement amount due to disputed claims and timing differences. The regional facilities must pay any medical expenses not reimbursed by the state.

- **Administrative Costs**--includes personnel costs other than correctional officers (e.g., personnel costs of the regional facility warden, office staff, and attorney fees). Also included are costs for supporting the administrative function, such as

telephone, office supplies, and document duplication. PEER allocated administrative costs on the basis of inmate days.

- **Debt Service**--includes the cost of repaying bonds issued to build a facility. Each regional facility's inmate housing agreement with the Mississippi Department of Corrections (MDOC) states that the bonds are payable by the county only from the revenues of the facility. Revenues are derived from the state, counties, municipalities, and the federal government, if the facility houses federal inmates. PEER allocated debt service based on square footage.

Background: Regional Correctional Facilities

In the 1990s, the Legislature authorized establishment of private and regional correctional facilities to expedite the availability of inmate beds to meet projected needs.

Each regional facility receives an annual per diem increase of 3%. This would result in a per diem of \$43.66 in the twentieth year of operation.

Some counties have revenue pledges in their bond covenants, which would make repeal or amendment of the 3% annual increase problematic.

Historically, felons committed to the custody of the state were placed in state-owned facilities operated by MDOC. By 1994, the state had established three state correctional facilities, along with several work and restitution centers for non-violent offenders.

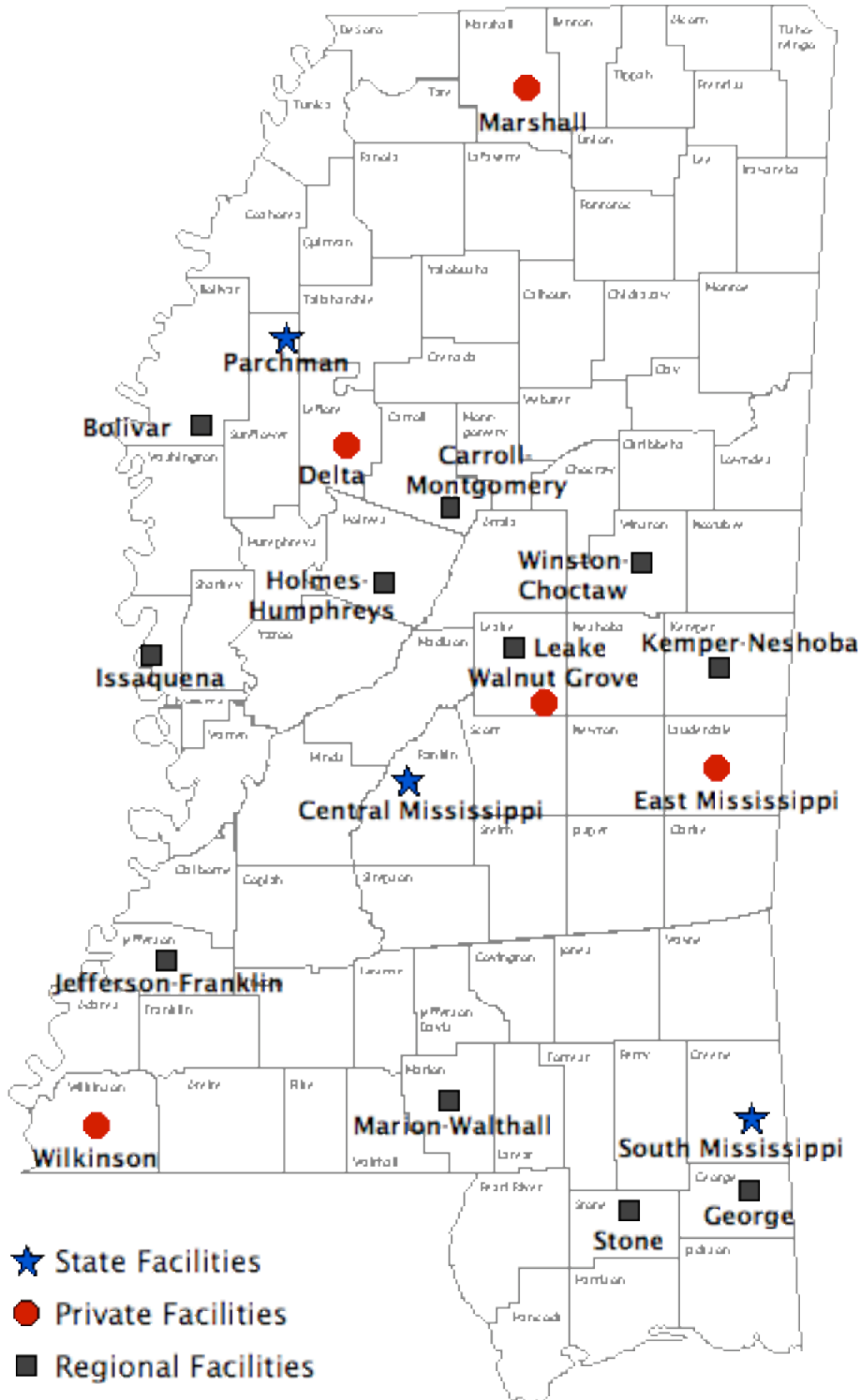
In response to an increasing inmate population and truth-in-sentencing legislation passed in the 1990s, the Legislature authorized establishment of private and locally owned regional correctional facilities to expedite the availability of inmate beds to meet projected needs. Exhibit 1, page 5, shows the location of the three state correctional facilities, the eleven regional facilities, and the five private facilities.¹

In 1995, the Legislature authorized the creation of county-owned regional correctional facilities, which would be allowed to house up to 250 medium-security state inmates each. (See Appendix A, page 32, for total prisoner capacity at each facility.) MISS. CODE ANN. Sections 47-5-931 through 47-5-938 (1972) authorized selected counties to establish regional correctional facilities jointly and also established a per inmate per diem of \$24.90 to be paid to each regional facility during its first year of operation. Per MISS. CODE ANN. § 47-5-933 (1972), each regional facility receives an annual per diem increase of three percent, beginning on the first anniversary of the facility's opening and continuing on each anniversary thereafter. This would result in a per diem of \$43.66 in the twentieth year of operation. Under a one-year contract addendum which became effective September 1, 2002, MDOC began paying each regional facility its respective per diem for the first 200 state inmates and \$20.00 per day for any inmates over 200. Prior to the addendum's August 31, 2003, expiration, MDOC and each facility renewed the addendum and each regional facility will continue to receive its respective per diem for the first 200 state inmates and \$20.00 per day for any inmates over 200 through August 31, 2004.

Should the Legislature choose to change this annual increase amount, some counties would be in violation of bond covenants. Some counties had issued revenue bonds to pay for construction of the prisons. Included in the bond covenants for these bonds was the pledge of revenues provided for in this section. This would make repeal or amendment of the 3% annual increase problematic for these counties.

¹ At the time of this report, only four of the private facilities were operational. Delta Correctional Facility closed in September 2002.
PEER Report #459

Exhibit 1: Mississippi's State, Regional, and Private Correctional Facilities (As of June 30, 2003)



SOURCE: MDOC, regional, and private facility information.

In addition to state inmates, regional facilities also house inmates from cities and counties that enter into agreements with the regional facility and possibly also federal inmates through agreements with the federal government, with the number of beds available for non-state inmates ranging from 60 to 147 per regional facility. Exhibit 2, page 8, lists the eleven regional facilities, their opening dates, and the individual facility per diem as of June 30, 2003.

Exhibit 2: Regional Correctional Facilities in Operation and Per Diem as of June 30, 2003

Facility Name	Date Opened	Per Diem (June 30, 2003)
Issaquena County Correctional Facility	March 1997	\$29.74*
Jefferson-Franklin County Correctional Facility	May 1997	\$29.74*
Leake County Correctional Facility	October 1998	\$28.03*
Marion-Walthall County Correctional Facility	March 1999	\$28.03*
Winston-Choctaw County Correctional Facility	March 1999	\$28.03*
Carroll-Montgomery County Correctional Facility	May 1999	\$28.03*
Bolivar County Correctional Facility	December 1999	\$27.21*
Kemper-Neshoba County Correctional Facility	October 2000	\$26.42*
Holmes-Humphreys County Correctional Facility	November 2000	\$26.42*
Stone County Correctional Facility	December 2000	\$26.42*
George County Correctional Facility	May 2002	\$25.65*

SOURCE: PEER analysis of regional facility information.

* Per diem for first 200 inmates. The per diem for inmates over the 200 level is \$20.00.

Analysis of Cost of Housing State Inmates in Regional Correctional Facilities

The number of inmates guaranteed by the MDOC Inmate Housing Agreement (200) exceeds the breakeven point associated with housing state inmates in seven of the eleven regional facilities reviewed.

Step 1: Determine the required daily census for each regional facility to break even, using weighted average per diem rates and actual costs

The Holmes-Humphreys, Issaquena, Jefferson-Franklin, and Marion-Walthall facilities have breakeven points above the 200 state inmates guaranteed by the MDOC Inmate Housing Agreement.

The four facilities with breakeven points above 200 have negative cash flows when they only house the guaranteed minimum of 200 state inmates.

The daily census needed for each regional correctional facility to break even using weighted average per diem rates and actual costs is presented as Exhibit 3, page 10. Seven of the regional facilities have breakeven points below the 200-inmate level guaranteed by the MDOC Inmate Housing Agreement and generate a positive cash flow from revenues and expenses related to housing 200 state inmates. The four facilities with breakeven points above 200 have negative cash flows when they only house the guaranteed minimum of 200 state inmates.

Effect of Facility Operations on Allocation Ratios

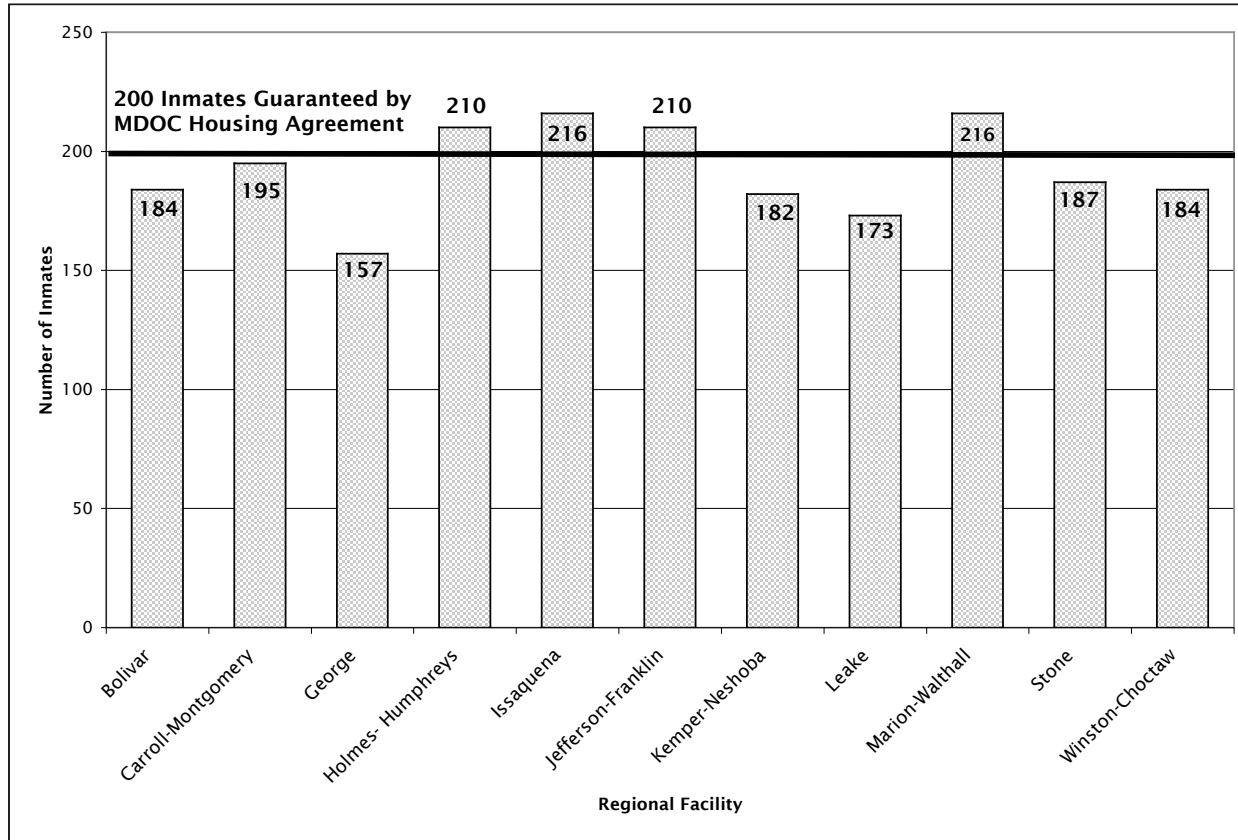
PEER allocated facility costs on the basis of three ratios:

- state inmate days and non-state inmate days;
- meals served to state inmates and non-state inmates;
- the facility's square footage dedicated exclusively to state inmates, exclusively to non-state inmates, and shared areas, such as administrative offices.

Facilities with similar operating expenses but differing ratios can have widely varying breakeven points.

Facilities with similar operating expenses but differing ratios can have widely varying breakeven points. For example, the Holmes-Humphreys facility's breakeven point for state inmates is 210 and Leake County's breakeven point for state inmates is 173 (see Exhibit 4, page 11), even though the facilities' operating costs are approximately \$5,000 apart (see Appendix B, page 34). The difference in the breakeven points between the two facilities is attributable to the difference in the inmate population, which affects the allocation ratios of the two facilities.

Exhibit 3: Daily State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs



SOURCE: PEER analysis of regional facility information.

Differences between the facilities such as the ratio of state inmate days to non-state inmate days and differences in the weighted average per diem amounts impact each facility’s breakeven point.

Since state inmates comprise a larger percentage of the overall inmate population at the Holmes-Humphreys facility, a larger portion of expenses is designated as attributable to state inmates. Holmes-Humphreys housed an average of 229 state inmates and 57 non-state inmates during the review period, resulting in designating 80% of allocated expenses to state inmates and 20% to non-state inmates. The Leake County facility housed an average of 229 state inmates and 107 non-state inmates during the review period, resulting in designating 68% of allocated expenses to state inmates and 32% to non-state inmates.

The reader should keep in mind that differences between the facilities such as the ratio of state inmate days to non-state inmate days and differences in the weighted average per diem amounts impact each facility’s breakeven point. Leake County and Bolivar County were the only facilities noted in which the number of non-state inmates had a significant impact on the breakeven point.

Exhibit 4: Cost Itemization with Weighted Average Per Diem and Actual Costs

	Bolivar County	Carroll- Montgomery County	George County	Holmes- Humphreys County	Issaquena County	Jefferson- Franklin County	Kemper- Neshoba County	Leake County	Marion- Walshall County	Stone County	Winston- Choctaw County
OPERATING REVENUES	\$ 27.84	\$ 26.81	\$ 25.39	\$ 25.63	\$ 28.26	\$ 28.02	\$ 25.78	\$ 27.11	\$ 27.18	\$ 25.66	\$ 26.88
State Inmate Days	60,429	62,959	61,121	62,293	62,115	62,281	62,335	62,421	62,488	62,415	62,478
State Inmate Days as a Percentage of Total Inmate Days	63%	80%	85%	80%	80%	84%	87%	68%	75%	74%	83%
Operating Costs Allocated to State Inmates	\$ 1,424,295	\$ 1,443,914	\$ 1,111,664	\$ 1,476,688	\$ 1,669,177	\$ 1,620,596	\$ 1,304,566	\$ 1,310,667	\$ 1,610,552	\$ 1,333,686	\$ 1,381,576
OPERATING COSTS:											
Basic housing and visitation	\$ 11.50	\$ 10.94	\$ 8.57	\$ 11.42	\$ 15.30	\$ 13.66	\$ 10.60	\$ 10.09	\$ 13.71	\$ 8.99	\$ 11.02
Programs	1.06	0.66	1.04	0.67	0.90	1.04	1.24	1.26	0.61	0.72	0.82
Food service	3.20	1.94	2.32	2.10	3.24	2.56	1.87	2.04	2.81	1.96	2.70
Medical	0.64	0.17	0.21	0.26	0.18	0.32	0.10	0.61	0.43	0.67	0.62
Administrative costs	4.73	4.40	3.02	2.91	2.85	3.97	2.01	2.45	3.43	4.33	2.52
Total Operating Cost per Inmate Day	\$ 21.14	\$ 18.11	\$ 15.15	\$ 17.36	\$ 22.46	\$ 21.56	\$ 15.81	\$ 16.45	\$ 20.99	\$ 16.66	\$ 17.68
DEBT SERVICE COSTS*	2.43	4.82	3.04	6.35	4.41	4.46	5.12	4.55	4.78	4.71	4.44
Total Costs	\$ 23.57	\$ 22.93	\$ 18.19	\$ 23.71	\$ 26.87	\$ 26.02	\$ 20.93	\$ 21.00	\$ 25.77	\$ 21.37	\$ 22.11
Daily Census Required to Break Even	184	195	157	210	216	210	182	173	216	187	184
Average State Inmates for Period	222	231	224	229	228	229	229	229	229	229	229
Number Over/(Under) Level Needed for Breakeven	38	36	67	19	12	19	47	56	13	42	45

* Represents only the state's share of debt service costs.

Differences due to rounding

SOURCE: PEER analysis of regional facility information.

Actual Cost Itemization

Exhibit 4, page 11, provides a breakdown of actual state-generated costs into six cost categories and highlights the degree to which each facility's average daily census for the period studied met or exceeded the requirements to break even at weighted average per diem rates. As the exhibit shows, all regional facilities have a sufficient number of state inmates to break even.

Effect of Inmate Days on Operating Costs

Total operating costs of facilities are greatly affected by the number of state inmate days at each facility. The number of inmate days is determined by MDOC's decisions on assignment of inmates.

Referring again to Exhibit 4, PEER notes an additional concern relating to interpretation of operating costs. The reader must take care in comparing "Total Operating Costs per Inmate Day" of facilities, because this number is greatly affected by the number of state inmate days for each facility. The number of inmate days at a facility is determined by MDOC's decisions on assignment of inmates.

Because of the effect of state inmate days on "Total Operating Cost per Inmate Day" and "Total Costs," these figures are not the most accurate measures of relative efficiency. "Daily Census Required to Breakeven" is a more accurate measure of relative efficiency, since it reflects the number of inmates needed to meet actual state-related costs at current reimbursement rates. This is the figure that should receive the most consideration when comparing efficiencies among the regional facilities. Using the "Daily Census Required to Breakeven" figures for the period October 1, 2002, through June 30, 2003, the breakeven points for meeting actual state-related costs range from 157 inmates per day at George County to 216 inmates per day at Issaquena and Marion-Walthall and average 192 inmates per day. Comparisons along this range provide a general indication of relative efficiency.

"Daily Census Required to Break Even" should receive the most consideration when comparing efficiencies among regional facilities, since it reflects the number of inmates needed to meet actual state-related costs at current reimbursement rates.

George County's low breakeven point is attributable to its low personnel costs and low debt service costs. George County has twenty-three correction officers and correction officer supervisors, while the other ten facilities average thirty-seven correction officers and correction officer supervisors. (See Appendix A, page 32.) George County was also in its first year of debt service payments on its outstanding bond issue during PEER's review period. As a result, George County had relatively low debt service costs of \$3.04 for each state prisoner compared to an average of \$4.61 for the other ten regional facilities included in the cost comparison (see Exhibit 4, page 11). If George County had the average personnel costs and average debt service costs of the other nine facilities, George County's breakeven point would be approximately 191, which is just below the average breakeven point of 196 for the other ten regional facilities.

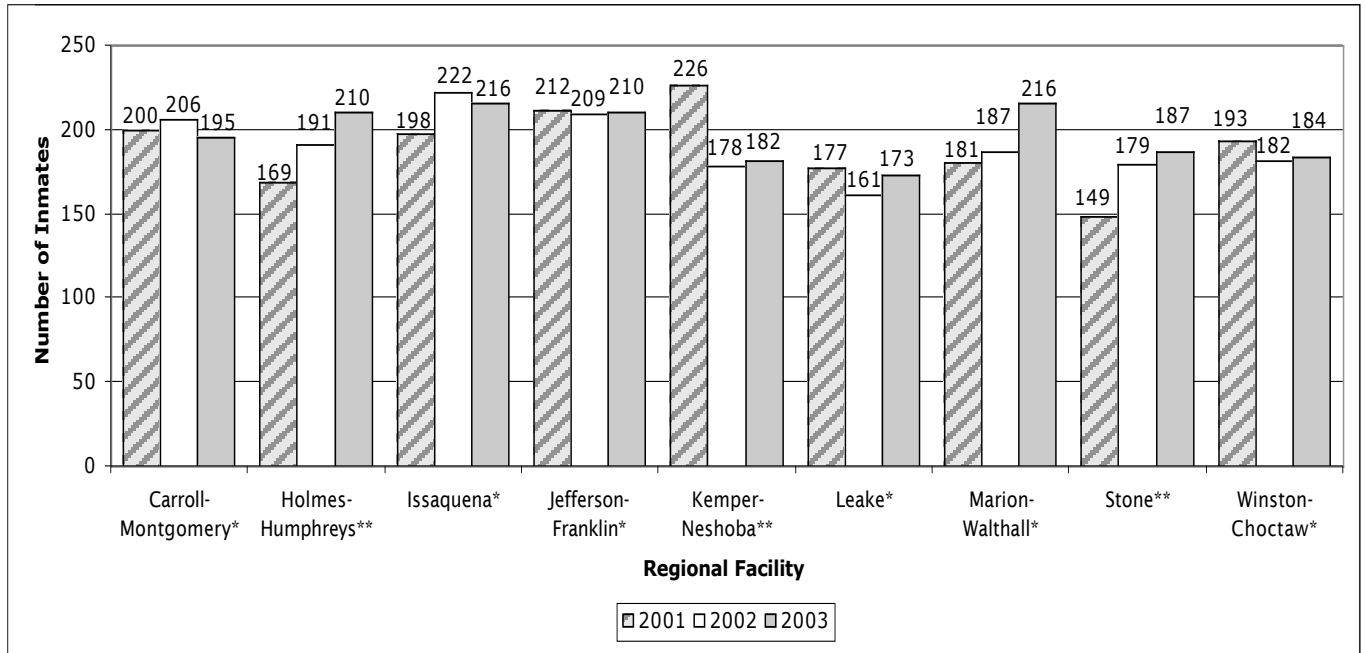
Comparison of 2003 Breakeven Results With Prior Years

In 2001, PEER performed a similar review of regional and selected private facilities and issued the results in PEER report #419, entitled *Cost Analysis of Housing State Inmates in Regional and Private Correctional Facilities*. In 2002, PEER performed a review of only regional prisons and issued the results in PEER report #438, entitled *2002 Cost Analysis of Housing Inmates in Regional Correctional Facilities*.

Exhibit 5, page 13, offers a comparison of the 2001, 2002, and 2003 breakeven points for nine of the regional facilities.² The reader should be cautious in comparing 2001 breakeven points to the breakeven points of later years. A legislative mandate for reporting the 2001 breakeven points limited the period of the 2001 review. The 2001 breakeven points for Carroll-Montgomery, Issaquena, Jefferson-Franklin, Leake, Marion-Walthall, and Winston-Choctaw are based on the costs of each facility from October 2000 through March 2001. The 2001 breakeven points for Holmes-Humphreys, Kemper-Neshoba, and Stone are based on the costs of each facility from January 2001 through March 2001 because each of these facilities opened in November 2000 or December 2000. The breakeven points for 2002 and 2003 are based on the costs of each facility for the 273 day period from October through June of the respective years and offer a more accurate comparison of the breakeven points for these facilities.

² Bolivar County's 2002 breakeven point was not calculated because the facility was closed during the 2002 review due to tornado damage. Bolivar's 2001 breakeven point was 208 and its 2003 breakeven point was 184. George County does not have prior year breakeven points for comparative purposes because the facility did not open until May 2002.

Exhibit 5: Comparison of 2001, 2002, and 2003 Breakeven Points for Selected Facilities†



† Bolivar County’s 2002 breakeven point was not calculated because the facility was closed during the 2002 review due to tornado damage. Bolivar’s 2001 breakeven point was 208 and its 2003 breakeven point was 184. George County does not have prior year breakeven points for comparative purposes because the facility did not open until May 2002.

*2001 breakeven point based on 182 days of operation.

**2001 breakeven point based on 90 days of operation.

2002 and 2003 breakeven points based on 273 days of operation.

SOURCE: PEER analysis of regional facility information.

Step 2: Identify and exclude any unnecessary costs and re-compute the breakeven analysis

PEER identified \$551,520 in costs that, if eliminated, would reduce the number of inmates required to break even at the eleven regional facilities included in this review. The inmate breakeven point, excluding costs above the amount PEER determined to be reasonable, averages 188, which is below the 200 currently guaranteed in the Inmate Housing Agreement between MDOC and the regional facilities.

Types of Costs Identified

In determining the necessary per diem, PEER identified and excluded \$551,520 in the following annual costs beyond the level PEER determined to be reasonable:

Cost Item	Amount Above Level PEER Determined as Reasonable
Attorneys' salaries and fees	\$243,940
Program and accreditation fees	\$153,480
Payments to sheriffs	<u>\$154,100</u>
Total	<u>\$551,520</u>

Attorneys' Salaries and Fees

In conducting this analysis, PEER determined that regional facilities were paying for legal services for representation of the facility. MISS. CODE ANN. §47-5-937 (1972) authorizes the sheriff of a county where a facility is located to:

...employ counsel to represent the facility to be paid a salary within the range allowed for a legal assistant to a district attorney with the employment to continue for a period of time not to exceed the duration of the indebtedness incurred for construction of the facility. The county or counties shall pay this cost and other costs incurred in the operation of the facility from the proceeds of the funds derived from the financing of the project and the housing of offenders.

The exclusion of attorney costs beyond the annual \$12,000 amount would yield total annual savings of \$243,940.

PEER observed that legal services were provided through varying methods at varying costs (see Exhibit 6, below). PEER compared costs among the eleven facilities and selected \$12,000 as a sufficient payment level for legal representation because three of the eleven facilities receive legal services at or below this amount. The exclusion of attorney costs beyond the \$12,000 level would represent an annual savings of \$243,940.

Exhibit 6: Computation of Facilities' Attorney Compensation

Facility	Prison Attorney	Attorney Salary/Fees	PEER Allocation	Above PEER Allocation
Bolivar	Charles Weissinger	\$ 54,000	\$ 12,000	\$ 42,000
Carroll-Montgomery	Alan D. Lancaster	33,750	12,000	21,750
George	Mark Maples	24,000	12,000	12,000
Holmes-Humphreys	Charles Weissinger	36,000	12,000	24,000
Issaquena	Charles Weissinger	67,500	12,000	55,500
Jefferson Franklin	Charles Weissinger	49,690	12,000	37,690
Kemper-Neshoba	Henry Palmer	0 †	0	0
Leake	Charles Weissinger	30,000	12,000	18,000
Marion-Walthall	McNeese & Huhn	12,000 ^	12,000	0
Stone	Albert Necaise	45,000	12,000	33,000
Winston-Choctaw	Ken Bridges	4,800 ^	12,000	0
Total Savings				\$ 243,940

^ The attorney's agreement specifies that he may bill at \$125 per hour above the monthly retainer.

† Mr. Palmer serves as county board attorney and does not bill the Kemper-Neshoba facility for legal work.

SOURCE: PEER analysis of regional facility information.

Under MISS. CODE ANN. §47-5-937 (1972), a sheriff in a county where a facility is located may employ an attorney for the facility for a period not to exceed the duration of the indebtedness incurred for construction of the facility. Each regional facility was financed with twenty-year revenue bonds payable by the owning county. Therefore, under state law, a sheriff may employ legal counsel for a twenty-year period.

A recent Attorney General's opinion states that sheriffs who are not parties to the original contracts with attorneys may void the contracts.

During the last two years, PEER raised concerns about the provision of MISS. CODE ANN. § 47-5-937 (1972) that authorizes the sheriffs of counties with a regional correctional facility to contract with an attorney for the life of the outstanding indebtedness. The authorized salary for such attorneys is within range of that of a district attorney's legal assistant. PEER considered some of the salaries paid to attorneys to be unreasonably high. In a 2001 Attorney General's Opinion to

Sheriff Ballard 2001-0617, the Attorney General opined that Section 47-5-937 authorizes a sheriff to hire an attorney; it does not authorize a sheriff to bind his successors in office. Consequently, sheriffs who are successors in office may void contracts for legal services executed by their predecessors; sheriffs who are not parties to the original contracts with attorneys may void the contracts.

The Bolivar, Issaquena, and Jefferson-Franklin facilities have twenty-year contracts and the Holmes-Humphreys and Leake facilities have four-year contracts with Mr. Charles Weissinger, Jr., totaling \$237,190 annually. The Stone County facility has a seventeen-year contract expiring in November 2019 with Mr. Albert Necaise at \$45,000 annually. The contracts of the Bolivar, Issaquena, Jefferson-Franklin, and Stone facilities expire in conjunction with the bond debt associated with each facility.

The Marion-Walthall and Winston-Choctaw facilities employ local attorneys as legal counsel through a monthly retainer arrangement. The Kemper-Neshoba facility currently utilizes the county board attorney as counsel and has incurred no legal expenses. The Carroll-Montgomery and George facilities employ local attorneys on an annual salary basis. See Appendix A, page 32, for more details regarding employment of legal counsel.

PEER believes that paying \$12,000 for a part-time legal position is a reasonable amount.

The regional facilities need counsel for legal advice and representation. However, PEER believes legal representation of one facility is not a full-time job. This position is supported by the fact that one person serves as counsel simultaneously for five facilities and the remaining six facilities have attorneys on retainer or use the county board attorney. PEER believes that paying \$12,000 for a part-time legal position is a reasonable amount.

American Correctional Association Accreditation and Program Service Provider Costs

State law requires that each facility be operated and maintained in accordance with American Correctional Association standards.

MISS. CODE ANN. §47-5-931 (1972) requires that each facility be operated and maintained in accordance with ACA standards. Also, in accordance with MDOC requirements and ACA standards, each regional facility offers state inmates educational, religious, and drug and alcohol rehabilitation courses, referred to as program and treatment services.

With the exception of the Winston-Choctaw facility, each regional facility employs a consultant to assist it in achieving and maintaining ACA accreditation. The ACA consultant also coordinates and provides the program and treatment services in seven of the regional facilities. At the Marion-Walthall and Carroll-Montgomery facilities, the warden oversees and coordinates provision of the program and treatment services. At the Holmes-Humphreys facility, in-house personnel provide training to the facility's staff and oversee the facility's program and treatment services. The Winston-Choctaw facility utilizes in-

The exclusion of ACA and program consultant expenses beyond the \$60,000 annual amount would yield an annual savings of \$153,480 for the regional facilities.

house personnel to maintain ACA accreditation and provide program and treatment services.

In PEER's opinion, \$60,000 is sufficient for providing ACA compliance and education and treatment programs at each facility. Currently, the Stone County facility receives ACA compliance and education and treatment programs for \$60,000 annually. Officials at the Marion-Walthall facility pay \$48,000 annually for ACA compliance and estimate the annual expense of providing education and treatment programs is \$12,000 annually. The salaries of Winston-Choctaw's ACA personnel total approximately \$62,000. (See Exhibit 7, page 19.) The exclusion of ACA and program consultant expenses beyond the \$60,000 level would represent an annual savings of \$153,480.

The Bolivar, George, Issaquena, Jefferson-Franklin, Kemper-Neshoba, Leake, and Stone facilities have contracted with Corrections Management Services, Inc., Mr. Edward Hargett, President, to serve as the ACA and program consultant at a contracted total of \$571,200 annually. As program coordinator for these facilities, Mr. Hargett provides and bears the expense of education and treatment programs at each facility.

Contemporary Corrections, Inc., Mr. Lake Lindsey, President, serves as the ACA accreditation consultant for the Holmes-Humphreys County Correctional Facility for an annual contract of \$48,000. Mr. Lindsey does not provide the educational and treatment programs for the facility. In-house personnel at the Holmes-Humphreys facility oversee and have responsibility for providing the program and treatment services at the facility.

Mississippi Correctional Management Inc., Mr. Irb Benjamin, President, serves as the ACA consultant to the Marion-Walthall and Carroll-Montgomery facilities for an annual contract of \$48,000 at each facility. Mr. Benjamin does not provide the educational and treatment programs for the facilities. The wardens of the Marion-Walthall facility and the Carroll-Montgomery facility oversee and have responsibility for providing the program and treatment services at the facilities.

Payments to Sheriffs

MISS. CODE ANN. §47-5-935 (1972) designates the sheriff of a county where a regional facility is located as the Chief Corrections Officer of the facility with responsibility for management of the facility and for providing care and control of the state inmates housed therein. MISS. CODE ANN. §47-5-935 (1972) provides that sheriffs of the counties where a regional facility is located shall receive \$15,600 annually for their duties as Chief Corrections Officer, in addition to the salary received as sheriff of the county.

In conducting this analysis, PEER determined ten of the eleven sheriffs eligible for the additional compensation are receiving payments ranging from \$15,000 to \$15,600 annually. The sheriff

of Marion County has not requested payment as Chief Corrections Officer of the regional facility located in Marion County.

If the warden of each facility were designated Chief Corrections Officer, with no additional compensation, the elimination of payments to sheriffs would represent an annual savings of \$154,100.

In excluding costs beyond the level PEER determined to be reasonable, PEER allocated no funds for sheriff payments because the warden of each regional facility is responsible for the day-to-day management and operation of each regional facility. (See Exhibit 8, page 20.) Therefore, if the warden of each facility were designated Chief Corrections Officer, with no additional compensation, the exclusion of payments to the sheriffs would represent an annual savings of \$154,100.

Exhibit 7: Computation of Facilities' Accreditation and Program Service Provider Cost

Facility	Service Provider	Service Provider Cost	PEER Allocation	Above PEER Allocation
Bolivar	Corrections Management Services, Inc. Edward Hargett, President	\$96,000 #	\$60,000	\$36,000
Carroll-Montgomery	Mississippi Correctional Management, Inc. Irb Benjamin, President	48,000 †	60,000	0
George	Corrections Management Services, Inc. Edward Hargett, President	72,000 #	60,000	12,000
Holmes-Humphreys	Contemporary Corrections, Inc. Lake Lindsey, President	48,000 †	60,000	0
Issaquena	Corrections Management Services, Inc. Edward Hargett, President	84,000 #	60,000	24,000
Jefferson Franklin	Corrections Management Services, Inc. Edward Hargett, President	67,200 #	60,000	7,200
Kemper-Neshoba	Corrections Management Services, Inc. Edward Hargett, President	96,000 #	60,000	36,000
Leake	Corrections Management Services, Inc. Edward Hargett, President	96,000 #	60,000	36,000
Marion-Walthall	Mississippi Correctional Management, Inc. Irb Benjamin, President	48,000 †	60,000	0
Stone	Corrections Management Services, Inc. Edward Hargett, President	60,000 #	60,000	0
Winston-Choctaw	In-house personnel	62,280	60,000	2,280
Total Savings				\$153,480

Contract is for ACA compliance consulting work and education and treatment services.

† Contract is for ACA compliance consulting work only. The facility bears expenses related to education and treatments services.

SOURCE: PEER analysis of regional facility information.

Exhibit 8: Computation of Facilities' Compensation to Sheriffs

Facility	Sheriff's Salary	PEER Allocation	Above PEER Allocation
Bolivar	\$ 15,600	\$ 0	\$ 15,600
Carroll-Montgomery	15,000	0	15,000
George	15,600	0	15,600
Holmes-Humphreys	15,600	0	15,600
Issaquena	15,500	0	15,500
Jefferson-Franklin	15,600	0	15,600
Kemper-Neshoba	15,000	0	15,000
Leake	15,600	0	15,600
Marion-Walthall	0	0	0
Stone	15,600	0	15,600
Winston-Choctaw	15,000	0	15,000
Total Savings			\$ 154,100

SOURCE: PEER analysis of regional facility information.

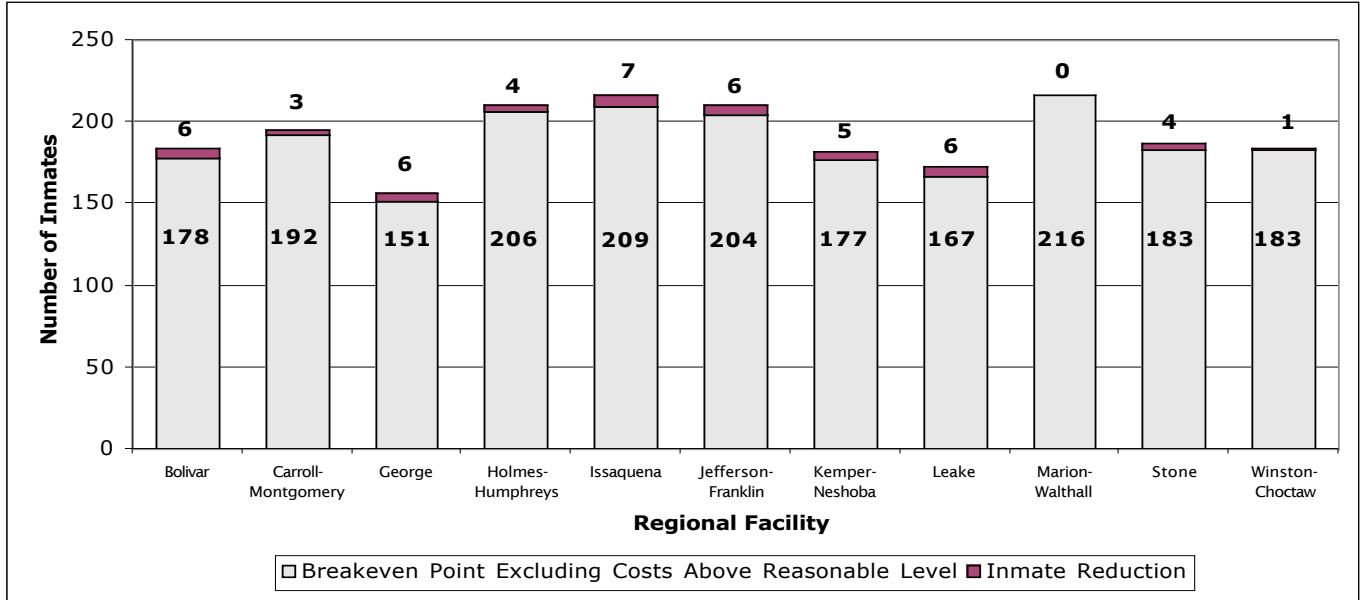
Calculation of Inmate Breakeven Point Excluding Costs Above the Level PEER Determined to Be Reasonable

The exclusion of costs beyond the level PEER determined to be reasonable lowers the state inmate breakeven point for each facility, with the exception of the Marion-Walthall facility.

In calculating the necessary per diem, PEER excluded costs beyond the level determined as reasonable, as outlined above, and calculated the associated breakeven point for the eleven facilities included in this review. The state inmate breakeven points for these facilities are presented in Exhibit 9, page 21.

The exclusion of costs beyond the level PEER determined to be reasonable lowers the state inmate breakeven point for each facility, with the exception of the Marion-Walthall facility. Exhibit 10, page 22, provides a breakdown of expenses with the exclusion of costs above the level determined to be reasonable.

Exhibit 9: State Inmate Breakeven Point When Excluding \$551,520 In Costs Above the Level PEER Determined to Be Reasonable



SOURCE: PEER analysis of regional facility information.

Exhibit 10: Weighted Average Per Diem and Without Costs PEER Determined to Be Above a Reasonable Level

	Bolivar County	Carroll- Montgomery County	George County	Holmes- Humphreys County	Issaquena County	Jefferson- Franklin County	Kemper- Neshoba County	Leake County	Marion- Walthall County	Stone County	Winston- Choctaw County
OPERATING REVENUES	\$ 27.84	\$ 26.81	\$ 25.39	\$ 25.63	\$ 28.26	\$ 28.02	\$ 25.78	\$ 27.11	\$ 27.18	\$ 25.66	\$ 26.88
OPERATING COSTS:											
Basic housing and visitation Programs	\$ 11.58	\$ 11.01	\$ 8.63	\$ 11.52	\$ 15.44	\$ 13.78	\$ 10.63	\$ 10.16	\$ 13.71	\$ 9.10	\$ 11.06
Food service	0.74	0.66	0.74	0.67	0.72	0.89	0.80	0.97	0.61	0.72	0.72
Medical	3.21	1.95	2.33	2.10	3.24	2.56	1.87	2.04	2.81	1.96	2.71
Administrative costs	0.65	0.17	0.21	0.27	0.18	0.33	0.11	0.61	0.43	0.68	0.62
Total Operating Cost per Inmate Day	\$ 4.23	\$ 3.98	\$ 2.69	\$ 2.42	\$ 2.15	\$ 3.30	\$ 1.81	\$ 2.09	\$ 3.43	\$ 3.76	\$ 2.43
DEBT SERVICE COSTS**	\$ 20.42	\$ 17.77	\$ 14.60	\$ 16.98	\$ 21.75	\$ 20.87	\$ 15.22	\$ 15.87	\$ 20.99	\$ 16.23	\$ 17.54
Total Costs Excluding Costs Above Reasonable Level	\$ 2.43	\$ 4.82	\$ 3.04	\$ 6.35	\$ 4.41	\$ 4.46	\$ 5.12	\$ 4.55	\$ 4.78	\$ 4.71	\$ 4.44
Total Costs Including All Costs	\$ 22.85	\$ 22.59	\$ 17.64	\$ 23.32	\$ 26.16	\$ 25.33	\$ 20.34	\$ 20.42	\$ 25.77	\$ 20.94	\$ 21.97
Cost Reduction	\$ 23.57	\$ 22.93	\$ 18.19	\$ 23.71	\$ 26.87	\$ 26.02	\$ 20.93	\$ 21.00	\$ 25.77	\$ 21.37	\$ 22.11
Daily Census Required Excluding Costs Above Reasonable Level	\$ 0.72	\$ 0.34	\$ 0.55	\$ 0.38	\$ 0.72	\$ 0.69	\$ 0.59	\$ 0.58	\$ -	\$ 0.43	\$ 0.14
Daily Census Required Including All Costs	178	192	151	206	209	204	177	167	216	183	183
Breakeven Inmate Reduction	184	195	157	210	216	210	182	173	216	187	184
	6	3	6	4	7	6	5	6	0	4	1

* Represents average per diem received during the period.

** Represents only the state's share of debt service costs.

SOURCE: PEER analysis of regional facility information.

Savings in Attorneys' Salaries and Fees and ACA Service Provider Costs Since 2001

Following PEER's first breakeven analysis conducted in 2001, which reported each regional facility's legal and ACA expenses, reductions in attorney and ACA service provider expenses have resulted in total savings of \$363,964.

Attorney Salaries and Fees

Compared to 2001 expenses, the regional facilities' legal expenses declined \$109,922 in 2002 and remained at the 2002 level in 2003, resulting in cumulative savings of approximately \$219,844 for these two years.

As shown in Exhibit 11, page 24, legal expenses for regional facilities have declined since PEER conducted the first breakeven analysis in 2001. Legal expenses declined \$109,922 from 2001 to 2002 and remained at the 2002 level in 2003. Due to the decline in legal expenses, the regional facilities have saved \$219,844 in legal expenses since 2001.

ACA Accreditation and Program Costs

Compared to 2001 expenses, the regional facilities' ACA expenses declined \$69,600 in 2002 and declined an additional \$4,920 in 2003, resulting in cumulative savings of \$144,120 since 2001.

As shown in Exhibit 12, page 25, ACA expenses for regional facilities have declined since PEER conducted the first breakeven analysis in 2001. ACA expenses declined \$69,600 from 2001 to 2002 and declined an additional \$4,920 in 2003. Due to the decline in ACA expenses, the regional facilities have saved \$144,120 since 2001.

Total Savings from Reductions in Attorney and ACA Accreditation and Program Costs

The reduction of legal and ACA expenses decreased the breakeven point and increased the financial strength of the regional facilities reducing these costs.

Due to the decrease in legal and ACA expenses, regional facilities have realized savings of \$363,964 since 2001. The reduction of legal and ACA expenses decreased the breakeven point and increased the financial strength of the regional facilities reducing these costs.

Exhibit 11: Reduction in Attorneys' Salaries and Fees Since 2001 †

Attorney Salaries/ Fees By Facility	2001 Costs	2002 Costs	2003 Costs
Bolivar	\$ 67,500	\$ 54,000	\$ 54,000
Carroll-Montgomery	33,750	33,750	33,750
Holmes-Humphreys	67,500	36,000	36,000
Issaquena	67,500	67,500	67,500
Jefferson Franklin	62,112	49,690	49,690
Kemper-Neshoba	0	0	0
Leake	67,500	30,000	30,000
Marion-Walthall	12,000	12,000	12,000
Stone	60,000	45,000	45,000
Winston-Choctaw	4,800	4,800	4,800
<i>Total</i>	\$ 442,662	\$ 332,740	\$ 332,740
Annual Savings from 2001 Level		\$ 109,922	\$ 109,922
Cumulative Savings from 2001 Level		\$ 109,922	\$ 219,844

† George County was omitted from this exhibit because the facility did not open until May 2002 and did not have legal expenses in 2001 or 2002 for comparative purposes.

SOURCE: PEER analysis of regional facility information.

Exhibit 12: Reduction in ACA Service Provider Cost Since 2001†

ACA Service Provider Cost by Facility	2001 Costs	2002 Costs	2003 Costs
Bolivar	\$ 96,000	\$ 96,000	\$ 96,000
Carroll-Montgomery	48,000	48,000	48,000
Holmes-Humphreys	48,000	48,000	48,000
Issaquena	96,000	84,000	84,000
Jefferson Franklin	96,000	76,800	67,200
Kemper-Neshoba	96,000	96,000	96,000
Leake	96,000	76,800	96,000
Marion-Walthall	48,000	48,000	48,000
Stone	60,000	60,000	60,000
Winston-Choctaw	96,000	76,800	62,280
<i>Total</i>	<i>\$ 780,000</i>	<i>\$ 710,400</i>	<i>\$ 705,480</i>
Annual Savings from 2001 Level		\$ 69,600	\$ 74,520
Cumulative Savings from 2001 Level		\$ 69,600	\$ 144,120

† George County was omitted from this exhibit because the facility did not open until May 2002 and did not have legal expenses in 2001 or 2002 for comparative purposes.

SOURCE: PEER analysis of regional facility information.

Regional Facility Costs for Housing Non-State Inmates

Step 3: Determine the breakeven point and cost per day for non-state inmates

None of the eleven regional facilities reviewed received sufficient per diems from local government entities to reach the breakeven point for housing non-state inmates. Regional facilities use revenues generated from housing state inmates to defray the costs of housing non-state inmates.

All regional facilities were below their respective breakeven points for housing non-state inmates.

In determining the necessary per diem, per inmate costs associated with housing state inmates at each of the regional correctional facilities, PEER's analysis provided important insight into the state's obligation relative to the cost of operating a regional facility. There are, however, other important operating costs that are the responsibility of local governments. In addition to state inmates, regional correctional facilities may also house non-state inmates from the counties, municipalities, and the federal government.

PEER also determined the costs associated with the housing of non-state inmates during the process of determining costs associated with the housing of state inmates. PEER found that none of the regional prisons had a sufficient number of non-state inmates to reach the breakeven point for non-state inmates given the current per diems received from local government entities and that the per diem rates received from most non-state entities are not sufficient to support the costs associated with housing non-state inmates.

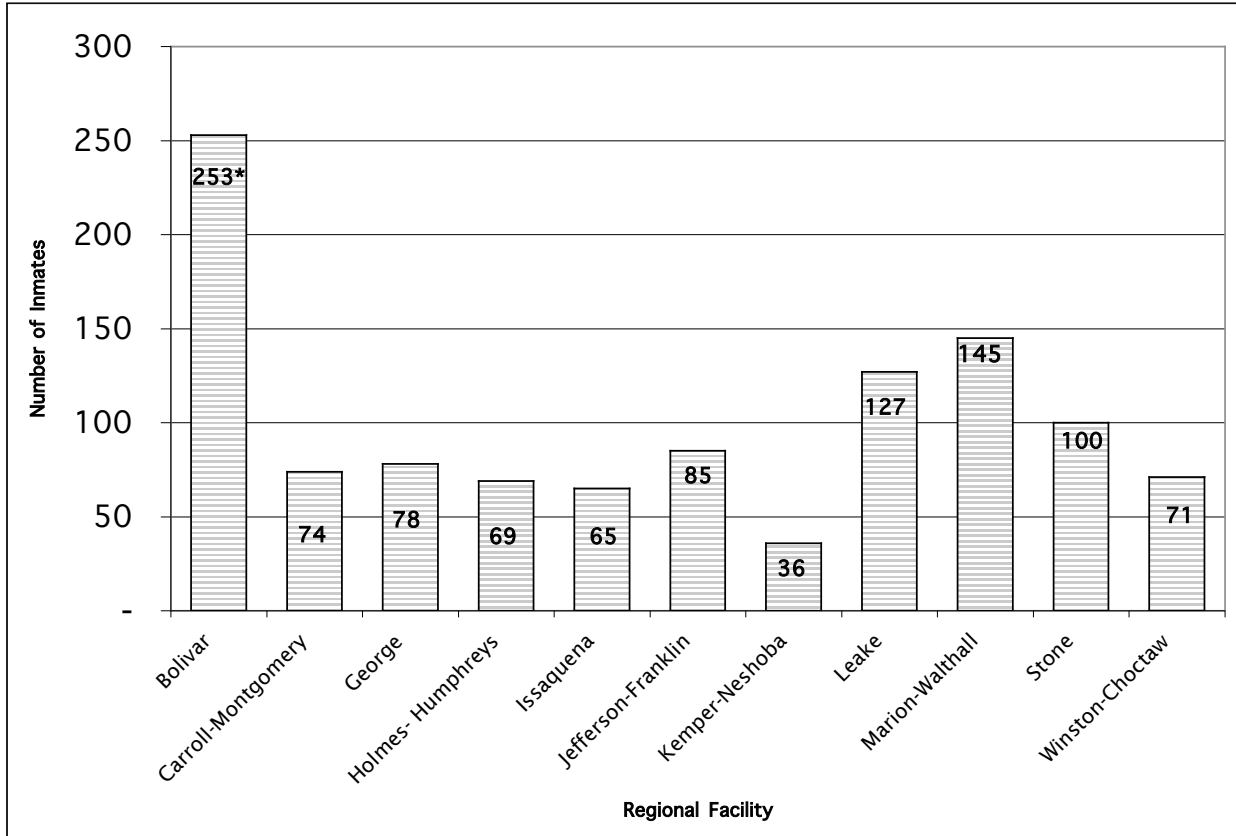
The daily census of non-state inmates needed for each regional correctional facility to break even using weighted average per diem rates and actual costs is presented as Exhibit 13, page 27, and Exhibit 14, page 29. Per diems paid by local government entities are presented in Appendix A, page 32.

Per diem rates paid by local government entities for non-state inmates range from \$0 per inmate day for Issaquena County inmates (Issaquena County had 580 inmate days from October 1, 2002, through June 30, 2003) to \$35.00 per inmate day for the municipalities of Starkville and Weir.

Bolivar County usually pays \$720,000 annually to house county inmates at the Bolivar County facility. However, due to expenses related to the repair of the facility following the tornado damage and the costs of housing Bolivar County inmates in correctional facilities in neighboring counties, Bolivar County paid the Bolivar County facility \$110,000 for the fiscal year ending September 30, 2003. As a result of the lower than usual payment, Bolivar

County’s non-state inmate breakeven point was driven to an extraordinarily high level of 253. Had Bolivar County paid the normal amount of \$720,000, the Bolivar County facility’s breakeven point for non-state inmates would have been 117, which is in the high range among all facilities.

Exhibit 13: Daily Non-State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs*



*Due to expenses related to tornado damage, the Bolivar County facility received \$110,000 instead of the normal \$720,000. The reduction of the county’s normal payment causes the facility’s breakeven point for non-state inmates to increase dramatically.

SOURCE: PEER analysis of regional facility information.

See Appendix A, page 32, for a listing of the per diem rates paid by local government entities.

If a facility receives a relatively low per diem from local entities but a relatively large portion of the inmate population is comprised of non-state inmates, these two factors combine to increase a facility's non-state inmate breakeven point dramatically.

PEER allocated costs to non-state inmates under the same methodology as was applied to the allocation of costs to state inmates. PEER allocated a larger percentage of costs to non-state inmates in the facilities where non-state inmates comprised a larger percentage of the total inmate population. If a facility receives a relatively low per diem from local entities but a relatively large portion of the inmate population is comprised of non-state inmates, these two factors combine to increase a facility's non-state inmate breakeven point dramatically.

For example, at the Leake County facility, non-state inmates comprised 32% of the inmate population. A relatively low weighted average per diem from local government entities of \$16.24 pushes the Leake County facility's breakeven point to 127 non-state inmates, which is very close to the facility's maximum non-state inmate capacity of 129.

As with the determination of cost per day for state inmates, the cost per day for non-state inmates is greatly impacted by the number of non-state inmate days. For example, Jefferson-Franklin County had approximately \$334,000 allocated to non-state inmates and Stone had approximately \$492,000 allocated to non-state inmates. However, Jefferson-Franklin's cost per day for non-state inmates of \$29.12 is much higher than Stone's cost per non-state inmate of \$22.29 because Stone's costs were spread over 22,060 non-state inmate days and Jefferson-Franklin's costs were allocated over 11,461 non-state inmate days.

Another factor contributing to Jefferson-Franklin's high cost per day for non-state inmates is that occupancy expenses, such as utilities and insurance, are calculated on the basis of square footage and non-state inmate days. (Jefferson-Franklin has the third lowest number of non-state inmate days). Also, the facility's debt service expenses are derived from square footage and non-state inmate days. Jefferson-Franklin's percentage dedicated to non-state inmates was 16%, which was lower than the average of 21% for all regional facilities. However, in determining cost per day for non-state inmates, these costs are divided by the number of non-state inmate days. Since Jefferson-Franklin has a relatively low number of non-state inmate days in comparison to the other regional facilities, the cost per day for non-state inmates is driven upward.

Regional facilities have the option of reviewing housing agreements with local entities and increasing per diems to ensure that all parties are paying a per diem rate sufficient to support the housing of local inmates.

In summary, local reimbursements for the cost of housing local inmates often do not meet the costs allocated for housing those inmates. PEER would note that regional facilities have the option of reviewing housing agreements with local entities and increasing per diems to ensure that all parties are paying a per diem rate sufficient to support the housing of local inmates, thus allowing the regional facility to reach the breakeven point for its local commitment.

Exhibit 14: Daily Non-State Inmate Census Needed to Break Even at Weighted Average Per Diem Rates and Actual Costs

	Bolivar County	Carroll- Montgomery County	George County	Holmes- Humphreys County	Issaquena County	Jefferson- Franklin County	Kemper- Neshoba County	Leake County	Marion- Walthall County	Stone County	Winston- Choctaw County
Operating Revenues - Non-State Inmates	\$ 14.01	\$ 19.07	\$ 13.07	\$ 21.46	\$ 24.26	\$ 15.89	\$ 23.27	\$ 16.35	\$ 14.22	\$ 18.42	\$ 18.03
Non-State Inmate Days	34,937	15,477	11,138	15,454	15,125	11,461	8,944	29,036	21,335	22,060	12,733
Non-state Inmate Days as a Percentage of Total Inmate Days	37%	20%	15%	20%	20%	16%	13%	32%	25%	26%	17%
Operating Costs Allocated to Non-state Inmates	\$ 873,695	\$ 372,246	\$ 260,979	\$ 394,864	\$ 421,019	\$ 333,785	\$ 225,849	\$ 553,746	\$ 515,255	\$ 491,656	\$ 329,211
OPERATING COSTS:											
Basic housing and visitation Programs	\$ 11.66	\$ 11.36	\$ 11.36	\$ 11.75	\$ 16.12	\$ 15.23	\$ 12.09	\$ 9.74	\$ 13.04	\$ 9.35	\$ 12.46
Food service	0	0	0	0	0	0	0	0	0	0	0
Medical	2.95	1.83	2.24	2.13	3.06	2.44	1.80	1.80	2.81	1.92	2.57
Administrative costs	0.97	0.69	0.77	0.77	0.48	0.79	0.49	1.14	0.86	1.07	1.06
Total Operating Costs	\$ 4.73	\$ 4.40	\$ 3.02	\$ 2.91	\$ 2.85	\$ 3.97	\$ 2.01	\$ 2.45	\$ 3.43	\$ 4.33	\$ 2.52
DEBT SERVICE COSTS*	20.31	18.28	17.38	17.55	22.50	22.43	16.39	15.12	20.13	16.67	18.61
Total Costs	\$ 25.01	\$ 24.05	\$ 23.43	\$ 25.46	\$ 27.84	\$ 29.12	\$ 25.25	\$ 19.07	\$ 24.11	\$ 22.29	\$ 25.85
Daily Census Required to Break Even	253	74	78	69	65	85	36	127	145	100	71
Average Non-State Inmates for Period	128	57	41	57	56	42	33	107	79	81	47
Number Over/(Under) Level Needed for Breakeven	(125)	(17)	(37)	(12)	(9)	(43)	(3)	(20)	(66)	(19)	(24)

*Represents only the non-state share of debt service costs.

SOURCE: PEER analysis of regional facility information.

Recommendations

Designation of Chief Corrections Officer

The Legislature should amend MISS. CODE ANN. Section 47-5-935 (1972) to allow counties to designate a regional facility's warden as Chief Corrections Officer, without additional compensation for performing these duties. The Legislature should amend the section to delete the requirement that sheriffs receive \$15,600 compensation for duties as Chief Corrections Officer.

If the warden is designated as Chief Corrections Officer, the Legislature should amend MISS. CODE ANN. §47-5-937 (1972) to allow the warden to hire legal counsel for the regional facility, with the legal counsel contract term not to exceed the term of the sitting board of supervisors.

Local Government Per Diem

Regional correctional facilities should increase per diems of local government entities at least to the level of the state's first year per diem amount of \$24.90 at the time contracts with local government entities are renewed or new agreements are reached with local government entities.

Appendix A and B

Appendix A presents general information concerning all regional facilities, including the Marion-Walthall facility, for which the breakeven point was not calculated. The information in Appendix A is presented for informative and comparative purposes.

Appendix B presents financial information as reported to PEER by the regional facilities for which the breakeven points were calculated. The financial information is presented in categories that are common to all regional facilities, such as corrections officers' salaries. The information in Appendix B is presented for informative and comparative purposes.

**Appendix A: Regional Facility Comparison
General Information by Facility
October 1, 2002 through June 30, 2003**

Category	Bolivar	Carroll-Montgomery	George	Holmes-Humphreys	Issaquena	Jefferson-Franklin
Date Facility Opened	December 15, 1999	May 11, 1999	May 10, 2002	November 10, 2000	March 1, 1997	May 16, 1997
State Per diem June 30, 2003 ✓	\$27.21	\$28.03	\$25.65	\$26.42	\$29.74	\$29.74
Date Per diem Increases	December 2003	May 2004	May 2004	November 2003	March 2004	April 2004
Total Prisoner Capacity	397	342	308	322	328	310
Total Facility Square Footage	52,173	42,871	43,490	41,691	42,364	42,364
Total Amount of Bond Issue	\$8,615,000	\$5,800,000	\$5,800,000	\$5,800,000	\$5,100,000	\$5,100,000
Total Interest	\$6,062,243	\$4,061,182	\$4,311,051	\$4,328,367	\$3,716,080	\$3,810,160
Total Debt Service*	\$14,677,243	\$9,861,182	\$10,111,051	\$10,128,367	\$8,816,080	\$8,910,160
Prison Attorney	Charles Weissinger	Alan D. Lancaster	Mark Maples	Charles Weissinger	Charles Weissinger	Charles Weissinger
Prison Attorney Salary	\$ 54,000	\$ 33,750	\$ 24,000	\$36,000	\$67,500	\$49,690
Contract Expiration Date	July 1, 2019	January 4, 2004	January 4, 2004	September 7, 2004	October 9, 2015	August 2, 2015
ACA and Programs Consultant	CMS#, Edward Hargett, President	MCM### Irb Benjamin, President	CMS#, Edward Hargett, President	CCI###, Lake Lindsey, President	CMS#, Edward Hargett, President	CMS#, Edward Hargett, President
ACA and Programs Consultant Fees	\$96,000*	\$48,000**	\$72,000*	\$48,000**	\$84,000*	\$67,200*
Contract Expiration Date	December 15, 2003	September 30, 2003	May 10, 2009	Agreement letter ††	March 1, 2004	Under negotiation
Sheriff's Salary	\$15,600	\$15,000	\$15,600	\$15,600	\$15,500	\$15,600
Total Corrections Officers Approved Positions	33	20	16	23	32	28
Total Corrections Officer Supervisors and Administrative Approved Positions ✓✓	8	9	7	5	6	7
Total Part-time Corrections Officers Approved Positions	4	5	0	14	1	0
Total Facility Corrections Officers Approved Positions	45	34	23	42	39	35
Total Facility Corrections Officers Vacant Positions	2					
Average Corrections Officer Salary	\$18,699	\$17,555	\$16,000	\$16,907	\$19,521	\$19,115
Average Corr. Officer Sergeant Salary	\$20,467	\$21,320	\$17,000	\$20,263	\$22,446	\$21,027
State Per-diem Prisoner Days	60,429	62,959	61,121	62,293	62,115	62,281
Other Prisoner Days	15,710	15,477	11,169	15,454	15,125	11,461
Total Prisoner Days	76,139	78,436	72,290	77,747	77,240	73,742
Average Number of State Inmates	222	231	224	229	228	229
Average Number of Other Inmates	58	57	41	57	56	42
Total Average Number of Inmates	280	288	265	286	284	261
Per-diem for Owner County Prisoners	Bolivar - \$110,000 for 2003	Montgomery & Carroll - \$20.00 for 1st 10 prisoners \$0 for 2nd 10 prisoners \$15.00 for remaining prisoners	George - \$12.50	Holmes - \$24.90 Humphreys - \$20.00	Issaquena - \$0	Jefferson - \$12.00 Franklin - \$15.00
Per-diem for City Prisoners	Alligator, Drew, Mound Bayou, Shelby, - \$24.90 Beulah, Gunnison, Merigold, Rosedale, Shaw, Indianola - \$26.42 Benoit, Boyle, Cleveland, Pace, Renova, Winstonville - \$27.21	North Carrollton, Winona, Vaiden, Kilmichael - \$25	Lucedale - \$12.50	Durant, Lexington, Pickens, West, Tchula, Goodman - \$24.90	Vicksburg, Rolling Fork, & Anguilla - \$30.00	Fayette - \$15.00
Per-diem for Non-owner County prisoners	Washington - \$16.00 Coahoma & Sunflower: \$25.65	N/A	Greene - \$12.50	N/A	Sharkey - \$15.00 for first 15 inmates; \$30.00 for over 15. Warren - \$30.00	N/A
Other Prisoners	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20

✓ Listed per diem rate is for the first 200 inmates. Facilities receive \$20 per diem for each inmate over 200.
• The Bolivar County bond issue includes bond principal and interest for the Bolivar County Sheriff department which is paid by the Bolivar County Correctional Facility.
✓✓ Includes warden, assistant warden, chief of security, officer supervisors, and training officers.
† As County Board Attorney, Mr. Palmer does not bill the Kemper-Neshoba facility for legal work.
^ The attorney's agreement with the facility specifies that he may bill at \$125 per hour above the monthly retainer.
^^ The attorney's agreement with the facility specifies a \$4,800 annual retainer with any legal work billed at \$125.00 per hour.
†† Agreement letter which may be terminated by either party at any time.
Corrections Management Services, Inc.
Contemporary Corrections, Inc.
Mississippi Correctional Management, Inc.
* Includes maintaining accreditation with the American Correctional Association and providing educational programs.
** Only includes maintaining accreditation with the American Correctional Association. Educational programs are coordinated by facility staff.

**Appendix A: Regional Facility Comparison
General Information by Facility
October 1, 2002 through June 30, 2003**

Category	Kemper-Neshoba	Leake	Marion-Walthall	Stone	Winston-Choctaw
Date Facility Opened	October 27, 2000	October 15, 1998	March 2, 1999	December 6, 2000	March 18, 1999
State Per diem June 30, 2003 -√	\$26.42	\$28.03	\$28.03	\$26.42	\$28.03
Date Per-diem Increases	November 2002	October 2003	March 2004	December 2003	March 2004
Total Prisoner Capacity	316	379	373	364	304
Total Facility Square Footage	41,611	41,633	43,461	42,692	42,612
Total Amount of Bond Issue	\$5,800,000	\$5,800,000	\$5,800,000	\$5,800,000	\$6,000,000
Total Interest	\$4,216,650	\$4,313,816	\$4,310,200	\$4,346,283	\$3,673,068
Total Debt Service	\$10,016,650	\$10,113,816	\$10,110,200	\$10,146,283	\$9,673,068
Prison Attorney	Henry Palmer	Charles Weissinger	McNeese & Huhn	Albert Necaize	Ken Bridges
Prison Attorney Salary	County Board Attorney †	\$30,000	\$12,000^	\$45,000	\$4,800^^
Contract Expiration Date	N/A	January 1, 2004	Agreement Letter††	November 1, 2019	Agreement Letter††
ACA and Programs Consultant	CMS#, Edward Hargett, President	CMS#, Edward Hargett, President	MCM### Irb Benjamin, President	CMS#, Edward Hargett, President	In house personnel
ACA and Programs Consultant Fees	\$96,000*	\$96,000*	\$48,000**	\$60,000*	\$62,280
Contract Expiration Date	December 31, 2003	October 15, 2005	July 5, 2003	September 29, 2007	N/A
Sheriff's Salary	\$15,000	\$15,600	\$0.00	\$15,600	\$15,000
Total Corrections Officers Approved Positions	17	31	30	24	20
Total Corrections Officer Supervisors and Administrative Approved Positions -√√	12	5	10	8	14
Total Part-time Corrections Officers Approved Positions	1	2	0	0	0
Total Facility Corrections Officers Approved Positions	30	38	40	32	34
Total Facility Corrections Officers Vacant Positions		4			
Average Corrections Officer Salary	\$18,926	\$18,158	\$16,723	\$16,500	\$17,843
Average Corr. Officer Sergeant Salary	\$20,722	\$20,987	\$18,857	\$18,750	\$19,393
State Per-diem Prisoner Days	62,335	5,600	62,488	62,415	62,478
Other Prisoner Days	8,944	10,334	21,335	22,060	12,733
Total Prisoner Days	71,279	15,934	83,823	84,475	75,211
Average Number of State Inmates	229	229	229	229	229
Average Number of Other Inmates	33	107	79	81	47
Total Average Number of Inmates	262	336	308	310	276
Per-diem for Owner County Prisoners	Kemper - \$24.90	Leake - \$12.00	Marion - \$12.00	Stone - \$12.00	Winston and Choctaw - \$15.00
Per-diem for City Prisoners	DeKalb - \$15.00 Scooba - \$18.00	Walnut Grove and Carthage - \$15.00	Columbia - \$15.00	Wiggins - \$20.00	Louisville - \$15.00 Noxapater & Ackerman \$15.00 Starkville & Weir - \$35.00
Per-diem for Non-owner County prisoners	N/A	Scott -\$15 for first 10 inmates and \$22.00 for inmates above 10.	N/A	Lamar - \$20.00 Pearl River - \$15.00	Oktibbeha - \$35.00
Other Prisoners	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20	State inmates housed in county jail - \$20 and Federal inmates - \$24.90	State inmates housed in county jail - \$20

**Appendix B: Regional Facility Comparison
Expenditures by Facility
October 1, 2002 through June 30, 2003**

	Bolivar	Carroll-Montgomery	George	Holmes-Humphreys	Issaquena	Jefferson-Franklin
Salaries and Benefits						
Correctional officer salaries	\$ 581,601	\$ 466,426	\$ 286,297	\$ 458,562	\$ 611,522	\$ 550,892
Administration salaries	311,144	227,804	165,958	127,821	101,429	151,748
Other salaries ^	147,952	104,467	117,096	103,806	157,386	127,568
Benefits	305,577	262,460	196,069	221,232	273,614	234,525
Sub-Total	\$ 1,346,274	\$ 1,061,157	\$ 765,420	\$ 911,420	\$ 1,143,951	\$ 1,064,733
Inmate Care						
Food and kitchen supplies	\$ 207,244	\$ 127,800	\$ 105,583	\$ 144,301	\$ 204,912	\$ 178,068
Medical Fees, supplies, and medicine	55,154	3,929	6,119	14,112	1,077	11,025
Inmate uniforms and dry goods	39,578	23,582	5,440	17,150	12,594	23,269
Sub-Total	\$ 301,976	\$ 155,311	\$ 117,142	\$ 175,563	\$ 218,583	\$ 212,362
Facility Expenses						
Utilities	\$ 106,442	\$ 79,704	\$ 66,924	\$ 89,123	\$ 102,167	\$ 115,271
Repairs, maintenance, and hardware	36,670	11,527	56,956	22,323	26,837	16,994
Custodial supplies	19,766	10,797	6,315	20,712	11,471	19,821
Furniture/ fixtures/ equipment/machinery	32,389	6,891	1,370	17,104	450	29,681
Office supplies and material	15,670	9,198	8,595	9,103	12,514	13,111
Gasoline	6,876	3,612	1,668	21,734	5,921	4,365
Telephone and communications	2,361	7,416	4,052	4,757	6,968	18,329
Officer uniforms	13,472	3,577	6,642	6,482	3,359	5,743
Sub-Total	\$ 233,646	\$ 132,721	\$ 152,522	\$ 191,337	\$ 169,687	\$ 223,314
Other Expenses						
Bond principal and interest*	\$ 311,056	\$ 386,457	\$ 252,940	\$ 405,644	\$ 354,591	\$ 354,640
Other facility debt	-	6,227	-	112,052	-	-
All other expenses	112,706	77,944	81,434	69,236	184,840	90,849
Depreciation reserve	37,500	37,500	37,500	37,500	37,500	37,500
Sub-Total	\$ 461,262	\$ 508,128	\$ 371,875	\$ 624,432	\$ 576,931	\$ 482,988
Total Facility Expenses	\$ 2,343,158	\$ 1,857,317	\$ 1,406,959	\$ 1,902,753	\$ 2,109,151	\$ 1,983,398

^ Attorney, Nurse, ACA costs, and other salaries.

* Debt service is the annual principal and interest payments pro-rated for the nine-month period covered by this review.

SOURCE: PEER analysis of regional facility financial information.

Numbers may not add due to rounding.

**Appendix B: Regional Facility Comparison
Expenditures by Facility
October 1, 2002 through June 30, 2003**

	Kemper-Neshoba	Leake	Marion- Walthall	Stone	Winston-Choctaw
Salaries and Benefits					
Correctional officer salaries	\$ 429,429	\$ 503,295	\$ 568,378	\$ 378,483	\$ 450,843
Administration salaries	107,321	155,606	184,043	221,684	135,429
Other salaries ^	105,022	132,505	98,459	108,710	107,875
Benefits	148,273	251,356	311,983	287,138	224,353
Sub-Total	\$ 790,045	\$ 1,042,762	\$ 1,162,863	\$ 996,015	\$ 918,500
Inmate Care					
Food and kitchen supplies	\$ 112,867	\$ 143,519	\$ 194,077	\$ 119,198	\$ 140,320
Medical Fees, supplies, and medicine	-	41,931	2,257	47,347	21,986
Inmate uniforms and dry goods	20,285	21,568	13,679	12,301	30,310
Sub-Total	\$ 133,152	\$ 207,018	\$ 210,013	\$ 178,846	\$ 192,616
Facility Expenses					
Utilities	\$ 80,958	\$ 103,433	\$ 75,141	\$ 78,543	\$ 108,184
Repairs, maintenance, and hardware	17,708	23,360	11,467	16,673	30,886
Custodial supplies	23,968	14,059	11,980	24,651	24,150
Furniture/ fixtures/ equipment/machinery	2,162	3,062	-	3,819	3,347
Office supplies and material	7,180	6,428	10,281	10,265	8,191
Gasoline	2,633	5,422	402	3,927	4,852
Telephone and communications	9,365	8,714	10,140	10,217	5,270
Officer uniforms	695	10,501	2,094	2,995	7,690
Sub-Total	\$ 144,668	\$ 174,980	\$ 121,505	\$ 151,089	\$ 192,568
Other Expenses					
Bond principal and interest*	\$ 392,340	\$ 393,499	\$ 383,591	\$ 404,906	\$ 369,500
Other facility debt	6,060	4,974	-	13,018	-
All other expenses	50,984	36,610	237,088	68,807	36,072
Depreciation reserve	37,500	37,500	37,500	37,500	37,500
Sub-Total	\$ 486,885	\$ 472,583	\$ 658,179	\$ 524,231	\$ 443,071
Total Facility Expenses	\$ 1,554,750	\$ 1,897,343	\$ 2,152,560	\$ 1,850,180	\$ 1,746,756

^ Attorney, Nurse, ACA costs, and other salaries.

* Debt service is the annual principal and interest payments pro-rated for the nine-month period covered by this review.

SOURCE: PEER analysis of regional facility financial information.

Numbers may not add due to rounding.

PEER Committee Staff

Max Arinder, Executive Director
James Barber, Deputy Director
Ted Booth, General Counsel

Evaluation

Sam Dawkins, Division Manager
Linda Triplett, Division Manager
Pamela O. Carter
Kim Cummins
Sara Evans
Barbara Hamilton
Kelly Kuyrkendall
Karen Land
Joyce McCants
Charles H. Moore
John Pearce
David Pray
Brad Rowland
Sara Watson
Candice Whitfield
Larry Whiting

Editing and Records

Ava Welborn, Editor and Records Coordinator
Tracy Bobo
Sandra Haller

Administration

Mary McNeill, Accounting and Office Manager
Jean Spell
Gale Taylor

Data Processing

Larry Landrum, Systems Analyst

Corrections Audit

Louwill Davis, Corrections Auditor