

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

Report to  
the Mississippi Legislature



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# **A Review of Intragovernmental Service Fees Assessed and Collected by State Agencies**

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In response to a legislative request, the PEER Committee reviewed intragovernmental service fees (i.e., services that one state agency provides to another state agency) assessed and collected by state agencies.

PEER determined the following for FY 2005:

- seventeen state agencies charged fees to other state agencies;
- state agencies used general funds to pay approximately 35% of the \$57 million in fees billed by the six agencies assessing the largest amount of fees;
- state agencies spent approximately \$78 million providing services for other state agencies, \$59 million of which came from fees.

This report provides a list of the agencies that charged fees in FY 2005, the fee amounts, and the agencies' legal authority for charging the fees; a list of all agencies that collected fees in FY 2005 and the amounts collected; and a list of the new fees or fee adjustments effective in FY 2006 and proposed for FY 2007.

Concerning agencies' methods of setting fees, PEER found that most set their fees based on the cost of providing services or their fees are set by state law. However, in some cases agencies set their fees for the purpose of generating additional revenues rather than on the cost of the service. Three state agencies—the Department of Transportation, the Department of Employment Security, and the Central Office of the Board of Trustees of Institutions of Higher Learning—charge other state agencies fees for services without legislative authorization.

PEER also determined that Mississippi's budget process does not require agencies to provide written justification to legislative committees when setting a new fee or increasing an existing one. As a result, agencies may set fees based on faulty methodology rather than on the cost of providing services.

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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

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RICHARD WHITE  
Secretary  
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SAMPSON JACKSON  
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EZELL LEE



Post Office Box 1204  
Jackson, Mississippi 39215-1204

Max K. Arinder, Ph. D.  
Executive Director

[www.peer.state.ms.us](http://www.peer.state.ms.us)

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RAY ROGERS

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

**TELEPHONE:**  
(601) 359-1226

**FAX:**  
(601) 359-1420

December 15, 2005

Honorable Haley Barbour, Governor  
Honorable Amy Tuck, Lieutenant Governor  
Honorable Billy McCoy, Speaker of the House  
Members of the Mississippi State Legislature

On December 15, 2005, the PEER Committee authorized release of the report entitled **A Review of Intragovernmental Service Fees Assessed and Collected by State Agencies.**

A handwritten signature in cursive script that reads "Dirk D. Dedeaux".

Representative Dirk Dedeaux, Chair

**This report does not recommend increased funding or additional staff.**



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# A Review of Intragovernmental Service Fees Assessed and Collected by State Agencies

## Executive Summary

### Introduction

In response to a legislative request, the PEER Committee reviewed intragovernmental service fees assessed and collected by state agencies. PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. § 5-3-57 et seq. (1972).

Specifically, PEER focused its review on state agencies that charge fees to other state agencies and the types, amounts, and legal authority of such fees. The review also sought to determine the costs associated with providing services to state agencies and the methods used by state agencies to recoup such costs.

### Background

PEER defined *intragovernmental services* as services that one state agency provides to another state agency or state entity. PEER defined *fees* as assessments; room, office space, facility and building rental; training, consulting, and technical assistance charges; operating system and network user charges; and other contractual arrangements and monetary payments charged to state agencies for goods or services rendered.

PEER did not include fines for violations, licensing or certification fees, statutorily required assessments (e. g., workers' compensation) or items held for trust (e. g., employee health premiums) as fee-for-service charges. Also, PEER did not consider use taxes as fees (e. g., the amusement tax remitted by Alcorn State, Jackson State, or Mississippi Valley State universities based on seven percent of ticket sales to the Veterans' Memorial Stadium Commission for use of the stadium) or bed taxes as fee-for-service charges. Finally, PEER did not consider in this review those services provided by a state agency directly to private citizens for which the agency receives reimbursement from other state agencies.

## Information Regarding State Agencies Charging Intragovernmental Service Fees

### **Seventeen state agencies charged fees to other state agencies in FY 2005.**

The following state agencies charged fees to other state agencies during FY 2005: Office of the Attorney General, Department of Archives and History, Office of the State Auditor, Authority for Educational Television, Department of Employment Security, Fair Commission, Department of Finance and Administration, Fire Academy, Department of Information Technology Services, Institutions of Higher Learning (MARIS and Central Office), Mississippi University for Women, Supreme Court, Personnel Board, Department of Rehabilitation Services, Department of Transportation, Veterans' Home Purchase Board, and Department of Public Safety.

The types of intragovernmental fees charged by state agencies to other state agencies in FY 2005 were varied, ranging from room rental to processing charges to program/tuition. With exception of the Department of Employment Security, Institutions of Higher Learning (Central Office), and Department of Transportation, the agencies have specific legal authority to charge the intragovernmental fees they charged in FY 2005.

### **In FY 2005, state agencies spent approximately \$78 million providing services for other state agencies.**

Of the approximately \$78 million, the agencies providing the services expended approximately \$59 million from fees, approximately \$9 million in federal funds and other funds, and approximately \$10 million in general funds to support intragovernmental services.

The Department of Information Technology Services collected the largest amount of fees, approximately \$28 million, followed by the Department of Finance and Administration, collecting approximately \$13 million.

### **State agencies used 35% general funds and 65% special funds to pay for services billed by the six agencies that constitute the bulk of intragovernmental services.**

The six agencies that constitute the bulk of intragovernmental services use SAAS for billing purposes. The six agencies are the Department of Information Technology Services, the Department of Finance and Administration, the Office of the Attorney General, the State Personnel Board, the Office of the State Auditor, and the Department of Public Safety. These six agencies account for \$57 million of the \$59 million agencies expended from fees in support of intragovernmental services and PEER was able to determine the source of

funds for these six agencies that billed agencies used to pay for all services received. (See the Exhibit, below.)

**Exhibit: Expenditures Supporting Intragovernmental Service Programs in FY 2005**

<b>Assessing Agency</b>	<b>Total Program Expenditures FY 2005</b>	<b>Intragovernmental Service Fees Expended FY 2005</b>	<b>Federal and Other Funds Expended FY 2005</b>	<b>General Funds Expended FY 2005</b>
Information Technology Services, Department of	\$28,106,423	\$28,106,423	\$0	\$0
Finance and Administration, Department of	23,209,936	12,944,599	6,350,231	3,915,106
Attorney General, Office of the	7,581,291	6,932,126	0	649,165
Personnel Board	5,514,763	5,514,763	0	0
Auditor, Office of the State †	4,585,159	1,405,140	0	3,180,019
Educational Television, Authority for †	3,525,187	91,177	1,684,428	1,749,582
Public Safety, Department of	2,210,809	2,167,659	8,400	34,750
Fire Academy*	1,242,389	232,818	1,009,571	0
Transportation, Department of	484,113	484,113	0	0
Archives and History, Department of	429,014	78,334	0	350,680
Rehabilitation Services, Department of	325,972	325,972	0	0
Mississippi University for Women	314,459	314,459	0	0
Institutions of Higher Learning, Board of Trustees of	237,449	237,449	0	0
Employment Security, Department of	92,267	92,267	0	0
Veterans' Home Purchase Board	47,243	47,243	0	0
Fair Commission*	32,753	32,340	413	0
Supreme Court*	4,674	34	289	4,351
<b>Total</b>	<b>\$77,943,901</b>	<b>\$59,006,916</b>	<b>\$9,053,332</b>	<b>9,883,653</b>

† Program expenditures based on ratio of revenue generated from state agencies vs. total revenue generated.

\* Program expenditures based on ratio of fees collected from state agencies vs. total fees collected.

SOURCE: PEER review of agencies' survey responses.

## Agencies' Methods of Setting Fees

Although state law sets some agencies' fees, these fees may not be based on the cost of service. Thus fee collections may not recover costs of providing services or may generate revenues above costs.

### Office of the State Auditor

The Office of the State Auditor assesses fees for audit services based on the fees set in MISS. CODE ANN. §7-7-213 (1972). Based on 2,080 hours in a work year, the starting salary for an entry-level auditor is higher than the salary that could be recouped when billing for audit services at the statutory rate of \$12.50 per hour. Even without considering the other costs associated with performing audit services, the statutory rate is set too low to recoup costs based on salaries alone.

### Department of Finance and Administration

MISS. CODE ANN. Section 29-5-6 (1972) states that rental fees for properties under the control of the Department of Finance and Administration are to conform to prevailing commercial rates in the general area. Traditionally, DFA has not charged commercial rates because commercial rates include components such as profit margin and taxes, which are factors in determining commercial rates but would not be relevant for setting rates for state agencies. Although setting rental rates based on commercial rates would be in accordance with the governing statute, it would not be in accordance with the principle of setting rental fees based on the expenses associated with providing rental space to DFA's tenants.

### Central Office for the Board of Trustees of Institutions of Higher Learning

The Central Office for the Board of Trustees of Institutions of Higher Learning (IHL) has assessed new fees to tenants of the headquarters building of the IHL Complex and to the universities for FY 2006.

Documents of the Board of Trustees of IHL show that the agency implemented these new fees in order to restore funds lost through reductions to its budget. The board did not base these fees on the cost of maintenance and repair, housekeeping, grounds, and security of the IHL Complex on Ridgewood Road in Jackson.

## Department of Archives and History

The Department of Archives and History has proposed new fees and fee increases for FY 2007 for services provided by the department's State Records Center. The department based these fees on information yielded from an informal survey of other states and commercial storage facilities rather than on the actual cost of providing its services.

### Fees Charged Without Legislative Authorization

**Three state agencies—the Department of Transportation, the Department of Employment Security, and the Central Office of the Board of Trustees of Institutions of Higher Learning--charge other state agencies fees for services without legislative authorization.**

PEER determined that the following three state agencies charge fees without legislative authorization.

- *Department of Transportation.* MDOT conducts soil tests for the State Aid Road Division and for the Mississippi Development Authority. The agency also copies materials for the State Aid Road Division. (While this division is part of the Department of Transportation, it receives a separate appropriation for its program and administrative costs.)
- *Department of Employment Security.* The Department of Employment Security conducts records cross-matches for several state agencies to help determine employment status of certain recipients of state services. Such checks help other departments determine wages earned by individuals.
- *Central Office of the Board of Trustees, Institutions of Higher Learning.* As noted above, the Central Office of the Board of Trustees, Institutions of Higher Learning, has imposed a charge on agencies co-located at the IHL facility on Ridgewood Road in Jackson. The board expends its own funds for the upkeep and maintenance of the office facilities on Ridgewood Road where that agency, the Authority for Educational Television, and the Board for Community and Junior Colleges are housed.

To be in compliance with state law, agencies that have acted outside their legislative mandate by charging fees must either:

- cease the practice of charging fees to other agencies and continue rendering the service, thereby assuming the entire cost of providing the service from their own resources; or,
- cease providing the service.

The latter option could impair other agencies' ability to perform their legally mandated responsibilities. Of course, the Legislature could choose to amend state law to authorize the charging of these fees (see "Recommendations," below).

## Oversight of Intragovernmental Service Fees

**Mississippi's budget process does not require agencies to provide written justification to legislative committees when setting a new fee or increasing an existing one. As a result, agencies may set fees based on faulty methodology rather than on the cost of providing services.**

Agencies use various methods to set their fees, ranging from cost-based methods to statutorily set fees to those arbitrarily based on unsound methodologies. One reason that this condition exists is because there is no state law that requires agencies to justify their fees or obtain the permission of the Legislature prior to setting or increasing a fee. Agencies are not required as part of the annual agency budget request or appropriations process to provide a cost analysis or needs assessment to legislative committees prior to setting or increasing a fee. As a result, agencies may set fees based on faulty methodology rather than on the cost of providing services.

## Recommendations

1. The Legislature should amend MISS. CODE Section 27-103-129 (1972) as follows:
  - a) As part of the state budget process, an agency requesting new fee revenue should provide with its budget request a needs assessment and cost analysis based on sound methodology and the cost of providing the service.
  - b) New fee revenue shall be subject to a one-year delay in implementation to ensure completion of a formal review and allow agency budget planners sufficient time to make necessary adjustments to address increased expenses.
2. The Legislature should amend MISS. CODE ANN. Section 29-5-6 (1972) authorizing the Department of Finance and Administration to set rental fees based on the cost of providing service. DFA should base its rental rates on agencies' prorated shares of actual costs of operating state buildings.
3. The Legislature should amend MISS. CODE ANN. Section 7-7-211 et seq. (1972) to allow the State Auditor's Office to assess fees for performing audit services based on the cost

of providing each type of service (e.g., property and financial audits).

4. The Legislature should amend MISS. CODE ANN. Section 37-141-5, Section 65-1-8, and Section 71-5-143 (1972) to authorize the Central Office of the Board of Trustees of Institutions of Higher Learning, the Department of Transportation, and the Department of Employment Security to charge fees that reflect the cost of rendering a requested service from a requesting agency.
5. The Legislature should amend MISS. CODE ANN. Section 25-59-13 (f) (1972) to require the Department of Archives and History to base its intragovernmental service fees exclusively on the costs of rendering records management and storage services. The department should not impose any new fees until it has performed a cost study.

**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 Dirk Dedeaux, Chair  
Perkinston, MS 228-255-6171

Senator Lynn Posey, Vice Chair  
Union Church, MS 601-786-6339

Senator Richard White, Secretary  
Terry, MS 601-373-2827





# A Review of Intragovernmental Service Fees Assessed and Collected by State Agencies

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## Introduction

### Authority

In response to a legislative request, the PEER Committee reviewed intragovernmental service fees assessed and collected by state agencies.<sup>1</sup> PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. § 5-3-57 et seq. (1972).

### Purpose and Scope

#### Purpose of Review

PEER was asked to determine, for fiscal years 2003, 2004, and 2005<sup>2</sup>:

- Which state agencies charged fees to other state agencies? What types of fees did they charge? For each type of fee, what amount did the agency charge and what was the legal authority for charging the fee?
- What was the source of funds (e.g., general funds, federal funds, or special funds) used by each state agency for paying each type of fee?
- How much did it cost state agencies to provide the services for which fees were charged to other state agencies?

While conducting this review, PEER also obtained information to answer the following related questions:

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<sup>1</sup> PEER defines “intragovernmental services” as services that one state agency provides to another state agency. See page 5 for further explanation.

<sup>2</sup> Although the request was for information for fiscal years 2003, 2004, and 2005, for reasons described in “Scope Limitation” on page 2, PEER confined this portion of the review to FY 2005.

- What new fees or increases to existing fees will agencies charge in FY 2006 and what new fees or increases have they proposed for FY 2007?
- How do agencies set the amounts of the fees they charge?
- What degree of oversight exists for intragovernmental service fees?

## Scope of Review

### *Entities Included in the Review*

PEER obtained information from seventeen state agencies that charge fees for services to other state agencies (as defined in MISS. CODE ANN. Section 27-103-103 [1972]), in the fee survey conducted for this review (see “Method,” below, for a description of the survey), but excluded licensing or regulatory agencies. PEER also included other components of state government, including institutions of higher learning and the Supreme Court, but will refer in this report to all surveyed governmental components as “state agencies.”

### *Scope Limitation*

As noted on page 1, the legislative request to PEER for information on intragovernmental service fees of state agencies included fiscal years 2003, 2004, and 2005.

In conducting this review, PEER sought to verify through the Statewide Automated Accounting System (SAAS) the fee revenue reported by each agency. PEER encountered difficulties in preparing the verifying information due to timing differences in the issuance and payment of invoices, encoding errors in system data, and problems with reconciling agency information to the information obtained through SAAS.

PEER was able to address each of the above-noted problems for the FY 2005 data. Thus, due to the time that would be required to address the problems listed above for FY 2003 and FY 2004, the report includes information only for FY 2005.

## Method

### **Survey of Fees Assessed and Collected by State Agencies**

In conducting this study, PEER surveyed state agencies to determine the answers to the questions on pages 1 and 2 of this report. Regarding agencies' responses to PEER's request for amount of fee revenue collected, PEER

independently verified self-reported agency information with information obtained from the Department of Finance and Administration and found no material difference in the amount of fee revenue reported.

Regarding agencies' responses to PEER's request for the amount of expenditures related to providing services for other state agencies, PEER did not verify agencies' self-reported information because PEER did not attempt to review cost or efficiency related to providing services. For PEER to determine the adequacy of fees to recoup cost at each agency, financing mechanisms and management styles would have to be taken into consideration. Therefore, due to the time needed to conduct such a review and the number of fees charged, PEER limited its scope with respect to determining cost and focused on the methodology state agencies use to set their fees. This review should not be considered an endorsement of any of the fees charged by state agencies.

## **Interviews with Selected Agencies' Staffs Concerning Fee-Setting Methods**

From its survey of agencies, PEER compiled a schedule of all intragovernmental service fees charged by state agencies during FY 2005, the rates agencies charge for such services, and the authority under which state agencies collected fees for intragovernmental services.

Prior to conducting the survey, PEER had hypothesized that because of their missions and responsibilities, the following five agencies would assess the majority of the dollar value of intragovernmental service fees collected:

- Department of Information Technology;
- Department of Finance and Administration;
- Office of the State Auditor;
- Office of the Attorney General; and,
- State Personnel Board.

Therefore, in addition to including these five agencies in the survey, PEER interviewed staff of these agencies concerning details of their fee-setting methods. (As PEER had hypothesized, the survey results showed that these five agencies collected 93% of the total dollar value of intragovernmental service fees in FY 2005.)

## **Additional Steps in the Review**

In addition to the above-described methods, PEER performed the following steps in conducting this review:

- analyzed financial data from the Department of Finance and Administration reflecting invoices issued and payments received in the Statewide Automated Accounting System (SAAS) for intragovernmental services provided during FY 2005 to determine the source of funds (general funds and special funds) state agencies used to pay intragovernmental service fees during FY 2005;
- reviewed statutory requirements for oversight and implementation of new fee revenue; and,
- reviewed literature on good principles in cost allocation to develop criteria to analyze the fee setting methods used by agencies.

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# Background

## Definitions of Intragovernmental Services and Fees

PEER defined *intragovernmental services* as services that one state agency provides to another state agency or state entity. PEER defined *fees* as assessments; room, office space, facility and building rental; training, consulting, and technical assistance charges; operating system and network user charges; and other contractual arrangements and monetary payments charged to state agencies for goods or services rendered.

PEER did not consider fines for violations, licensing or certification fees, statutorily required assessments (e. g., workers' compensation) or items held for trust (e. g., employee health premiums) as fee-for-service charges. Also, PEER did not consider use taxes as fees (e. g., the amusement tax remitted by Alcorn State, Jackson State, or Mississippi Valley State universities based on seven percent of ticket sales to the Veterans' Memorial Stadium Commission for use of the stadium) or bed taxes as fee-for-service charges.

Finally, PEER did not consider in this review those services provided by a state agency directly to private citizens for which the agency receives reimbursement from other state agencies. For example, the University Medical Center provides patient services (e. g., medical testing) to private citizens for which they receive reimbursement from the Department of Health with funds that may originate from private sources, insurance, Medicaid, or Medicare. These funds are considered "pass-through funds," as they are provided by the administering agent of a government program as reimbursement to the agency actually providing the service.

Fees included in the scope of this review may have been based on flat rates, actual usage and consumption, or fixed contracts, as described below.

- *Flat rates* are based on a quantifiable unit of measure and may be a one-time fee or on a per-each basis (e. g., per test, course, page, connection) or based on time (e. g., per minute, hour, day, month).
- Rate structures may be based on *actual usage and specific consumption* (e. g., records or transactions processed; percentage of budget, expenditures and revenue; or square footage occupied).
- *Fixed contract rates* result from contracts, memoranda of understanding, or other agreements

between agencies as to the amount that will be charged for services.

## Concept of Cost Recovery and Fee Setting for Intragovernmental Services

### Need for Cost Recovery through Intragovernmental Service Fees

State law provides authority for some state agencies that provide services to other state agencies to charge for those services to recover costs. Thus the state's entire taxpayer base does not subsidize state services through general fund appropriations to agencies.

Some agencies' fees are set by statute and some agencies develop their own fee structures. Whether fees are created by statute or by agencies, good public policy requires that fees be based on the cost of the service provided. Fees should be set based on analysis and proper allocation of cost and a financial needs assessment to determine the amount of funding needed to break even and the availability of supplemental funding appropriated to subsidize the particular service activity.

In regard to charging fees for governmental services, the National Conference of State Legislatures' publication *The Appropriate Role of User Charges in State and Local Finance* states:

*User charges should cover the cost of the services provided. They should not be used to generate excess revenues that are diverted to unrelated programs or services.*

Although the above quotation refers to government providing services to citizens in general, the same principle should be applied to agencies charging intragovernmental service fees. Agencies providing intragovernmental services should structure their fees based on the costs of providing the services unless the services are subsidized with state or federal funds. Fees should not be based on what other entities, commercial or government, charge for the same service. In tandem with this principle, agencies using the services of other state agencies should pay for those services based on the consumption or usage of the services.

### Using Intragovernmental Service Fees to Generate Revenues that Exceed Costs

In some cases, agencies charge fees for intragovernmental services to generate revenues that exceed the cost of providing the service. The additional fee revenue may be used to support non-fee-generating activities such as agency administration. Also, some agencies may be

assessing fees that exceed program costs because they have not accurately identified program costs or because they have an otherwise inadequate method of setting fees. PEER discusses these situations in the “Conclusions” chapter of the report beginning on page 8.

Allowing agencies to assess fees that exceed program costs in order to support non-fee-generating activities is a “double-edged” sword. The practice follows the overall principle of seeking to ensure that the state’s entire taxpayer base is not subsidizing state services through general fund appropriations to agencies. However, it also presents opportunities for agencies to use any excess revenues for purposes that might not be in compliance with current legislative objectives, such as granting raises that are not authorized by legislative appropriations. Also, because state law does not require agencies’ special funds to lapse to the general fund at the end of the fiscal year, assessing intragovernmental service fees that exceed the cost of services could allow agencies to “stockpile” funds, some of which could have been derived from other agencies’ appropriated general funds.

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## Conclusions

As noted on page 1, the legislative request that initiated this project included specific questions to PEER regarding state agencies that charge fees to other state agencies for services rendered.

This chapter addresses the following questions for Fiscal Year 2005:

- Which state agencies charged fees to other state agencies? What types of fees did they charge? For each type of fee, what amount did the agency charge and what was the legal authority for charging the fee?
- What was the source of funds (e.g., general funds, federal funds, or special funds) used by each state agency for paying each type of fee?
- How much did it cost state agencies to provide the services for which fees were charged to other state agencies?

Also, PEER provides information to answer the following related questions:

- What new fees or increases to existing fees will agencies charge in FY 2006 and what new fees or increases have they proposed for FY 2007?
- How do agencies set the amounts of the fees they charge?
- What degree of oversight exists for intragovernmental service fees?

### Descriptive Information on Intragovernmental Service Fees

#### Which state agencies charged fees to other state agencies in FY 2005?

*Seventeen state agencies charged fees to other state agencies in FY 2005. Exhibit 1, page 9, lists the state agencies that charged service fees to other state agencies in FY 2005, the amounts of the fees, and the types of fees charged.*

Seventeen state agencies charged fees to other state agencies during FY 2005. Where possible, PEER consolidated fees charged into similar categories and listed the range of associated fees in Exhibit 1. PEER did not review the fees to determine whether they were reasonable.



## Exhibit 1: State Agencies That Charged Intragovernmental Service Fees in FY 2005, the Fee Amounts, and Descriptions of the Fees

<i>Agency</i>	<i>Fee Rate</i>	<i>Service Fee Description</i>
<b>Archives and History, Department of</b>	\$3 per cubic foot	Records Management-Shredding confidential paper records not stored at the State Records Center
	\$15 per rotation	Records Management-Magnetic back-up tape rotation outside of Jackson city limits
	\$16 per bundle-25 boxes per bundle	Records Management-State Records Center storage cartons
	\$.025 per image- includes prepping, filming and processing	Records Management-Micrographic services for the State Tax Commission
<b>Attorney General, Office of the</b>	(1) \$55 per hour contracts for smaller agencies, boards and commissions that do not need the services of a full-time attorney. (2) Fixed contracts for agencies that need full-time attorney(s).	Legal Services-Handling the day-to-day legal representation of state agencies, boards, and commissions
<b>Auditor, Office of the State</b>	\$12.50 per hour	Audit Services
<b>Educational Television, Authority for</b>	\$2.15 per ft. antenna height on tower	Technical Services-Tower space rental
	\$45 setup, \$65 per line charge	Technical Services-Video conferencing services
	\$85,000 annually	Technical Services-Interactive Video Network

\$16 per 30-minute VHS tape and \$19 per DVD (up to 1 hour)	Content Development-Video duplication services
\$125-\$250 per day	Content Development-Auditorium rental
Varies based on agency rate card and type of project	Content Development-Production video and live production services

**Employment Security, Department of**

Rate varies depending on total number of records processed; 1 - 500 records processed for minimum charge of \$50	Unemployment Insurance-Computer matching data exchange of wage records for Human Services, Medicaid, Tax Commission, Vocational Rehab, Development Authority
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**Fair Commission**

Various per day rates and hourly rates	Fairgrounds Complex-Rental of coliseum, Trademart, Kirk Fordice Expo Center, livestock barns, agriculture and industrial buildings, booths at State Fair and Dixie National
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**Finance and Administration, Department of**

Charges based on prior fiscal year actual expenditures and transactions for SPAHRS, MERLIN, other supporting applications, and MMRS administration. Invoices issued quarterly.	Mississippi Management and Reporting System (MMRS)
Charges based on prior calendar month actual expenditures and transactions for SAAS. Invoices issued monthly.	Statewide Automated Accounting System (SAAS)

\$50 for setup/cleanup for up to 2 hours; \$25 each additional hour plus \$100 for each half day (0-4 hours); \$200 for each full day (4+ hours)	Mississippi Management and Reporting System (MMRS) Training Room-Rental by outside agencies for usage of room(s)
\$10 per square foot for most buildings	Capitol Facilities-Rent of office space
Recovery of actual salary cost plus fringe	Capitol Facilities-Police officer contracts
\$1.75 per sq. ft. per annum for 270,000 sq ft.	Rent of State Property-Rent collected for major maintenance and repairs on Lockheed Martin Propulsion, Thermal, and Metrology Center located in Hancock County
Pilot expenses plus per flight hour charge: \$950 per flight hour for Citation and Lear Jet, \$600 for King Air 350, and \$450 for King Air 200	Air Transport-Operation of state aircraft
Service fee of 10% based on original acquisition cost of surplus property, unless condition of property warrants an increase or decrease in the standard fee	Surplus Property-Sale of surplus property

**Fire Academy**

\$39 per day + consumable supplies	Training-Miscellaneous training courses
\$175 per day	Training-Auditorium rental
\$100 per day	Training-Classroom rental
Based on usage	Training-Postage

**Information Technology Services, Department of**

\$35-\$80 per hour	Information Systems Services-Consulting services
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\$90 per hour	Information Systems Services-Consulting services-high end specialized services arrangement, e.g. full-time
\$140-\$540 per month and \$2,000+ (mileage based) per month	Data Services - Frame Relay Circuits (64K-T1-DS3)
\$45-\$125 per month	Data Services-Frame relay support (64K-DS3)
\$560-\$3,331 per month; \$8,000-\$11,000 + (mileage based) per month	Data Services - ATM circuits (T1-DS3, OC3-OC12, T1)
\$125-\$700 per month	Data Services - ATM support (T1-OC3)
\$350 per month; \$125 per month	Data Services-P2P Circuits (T1) & support
Various	Information Systems Services and Data Services
\$440-\$790 per month	Data Services Ethernet Fiber Network Access including Support (10M-1000M)
\$150/month	Data Services - Serial Port Fiber Network Access Including Support (T1)
\$52-\$110/month (varies based on configurations)	Data Services Equipment Leases including routers, Digital Service Units, and other miscellaneous leases
\$200-\$800/one-time fee	Data Services - Router Installation Service fees
\$75 - \$150/one-time fee	Data Services DSU Installation Service Fees
\$100 - \$300/one-time fee	Data Services - Router Modification Service Fees
\$75 - \$175/hour	Data Services - Technical Support Fees
\$95 - \$1,536/one-time fee various based on location and buildout	Data Services - Circuit Installation Service Fees
\$1,168 - \$2,248/hour	Data Services - Batch CPU Usage
\$1,284 - \$4,438/hour	Data Services - TSO CPU Usage
\$.79 - \$1.64/second	Data Services - CICS CPU Usage
\$.25 to \$.64/second	Data Services - ADABAS CPU Usage
\$730 - \$963/hour	Data Services - Other CPU Usage

\$.01/K/I/Os	Data Services - Disk I/O
\$.92/tape/month	Data Services - Tape Storage
\$.05/K/I/Os	Data Services - Tape I/O
\$.05/image	Data Services - Print
\$2.00 - \$5.50/account/month	Data Services - email
\$30 - \$6,000/year	Data Services - Mail Relay Charge
\$20 - \$500/month	Data Services - Web Page Hosting
\$150 - \$350/month	Data Services - Web Application Hosting
\$350 - \$500/month	Data Services - Mid-range Application Hosting
\$40 - \$150/month	Data Services - Server Co-location
\$37,675/month	Data Services - MDHS Support Charge
\$7,480/month	Data Services - MDHS Business Recovery Pass Thru (Actual Cost to ITS)
\$235,728/year	Data Services - MDHS Mainframe Software Pass Thru (Actual Cost to ITS)
\$85,038/year	Data Services - MDHS Mainframe Hardware Maintenance
\$25,000/year	Data Services - MDHS Disk Charges
\$85,000/year	Data Services -MDHS Mainframe Processor Charge
\$3,200/month	Data Services - MDES Business Recovery Pass Thru (Actual Cost to ITS)
\$42,334/month	Data Services - DB2 Mainframe Software Pass Thru (Actual Cost to ITS)
\$48,334/year	Data Services - MSTC Server Software Pass thru (Actual Cost to ITS)
\$13,010/year	Data Services - MSTC Server Maintenance Pass Thru (Actual Cost to ITS)
\$45,000/year	Data Services - DFA - MMRS Access Manager Maintenance Fee
\$100/course	Education Services - Instructor-led course (10 hours or less)
\$150/course	Education Services - Instructor-led courses (11-20 hours)
\$275/course	Education Services - Instructor Led Courses (over 20 hours)

\$25/course	Education Services - Lab Fee for 1 day class
\$47/course	Education Services - Lab fee for 2 day class
Discounted rate + 20%	Education Services - Educational Materials
Discounted rate + 20% (prorated by number of students in class)	Education Services - Vendor conducted courses
\$75 - \$150/student	Education Services - Online Training
\$.05/minute	Voice Services - Long Distance (in-state and out-of-state)
Cost + \$.25	Voice Services - Long Distance (International, 3rd Party, and Collect)
\$6-\$35/line or box	Voice Services - Capitol Complex (Analog, Analog Caller ID, Digital, and Voicemail)
\$6 - \$20/line or box	Voice Services - Outlying Locations (Analog, Analog Caller ID, Digital,
\$25 - \$33/line	Voice Services - Centrex/Business Line (Local, Nodes, and Business Lines)
Cost + 5%	Voice Services -Long Distance Area Calling Plan
\$.05/minute	Voice Services - Long Distance
\$.10/minute + \$.25/call	Voice Services - Calling Card
\$.11/Minute	Voice Services - Toll Free/800
\$Cost + \$.25	Voice Services - Toll Free/800 (International Incoming)
\$11 - \$137.50/part	Voices Services - Programming per part
\$5.50/feature	Voice Services - Programming Changes
\$55/hour	Voice Services - Programming per hour for large renovations, projects, etc.
\$15 - \$137.50 item	Voice Services - Technician Charges per item
\$4-\$33/set or add-on	Voice Services - Capitol Complex Station Equipment Maintenance
\$2-\$10/set or add-on	Voice Services - Outlying Locations Station Equipment Maintenance
\$1 - \$150/month	Voice Services - Call Center Charges

<b>Institutions of Higher Learning, Board of Trustees of</b>		
	\$50 per hour	Mississippi Forestry Commission Fires Application-Project administration
	\$11,600 per district for data interpretation and deliverables and \$5,800 for satellite data	Area Forest Assessment 2003-Technical services for Mississippi Forestry Commission
	\$50 per hour	Geographic Information Systems-Training facility rental to Mississippi Forestry Commission
	\$50 per hour	Site Licensing-Administration of Geographic Information Systems and Remote Sensing software licensing for Mississippi Forestry Commission
	\$40 per Hour	Water Resource Information System-Technical services provided by MARIS for development of an automated system for the Department of Environmental Quality
	\$50 per hour	State Reapportionment-Training, consulting and technical assistance from MARIS to PEER

<b>Mississippi University for Women</b>		
	1.5% of Mississippi School for Mathematics and Science (MSMS) budget, less administrative fee	Indirect Cost-MSMS Administrative Fee
	\$118,800	Operation and maintenance-Building Maintenance
	\$35,650	State Grants and Contracts-Health
	\$37,400	Library
	\$24,000	Accounting Services
\$31,740	Security Services	

<b>Personnel Board</b>		
	\$140 per position identification number (PIN)	Agency Assessment
	\$60 - \$300 per class	Training
<b>Public Safety, Department of</b>		
	\$550	Aircraft rental
	\$35 to \$60	Training, per day
	\$5 to \$20	Training academy meals, lodging, and classroom rental
	\$10 to \$55	Clothing, hats, ammunition
	\$50	Crime Lab Analytical fees
	\$27	CIC FBI fingerprint check
	Actual cost	Trooper overtime
<b>Rehabilitation Services, Department of</b>		
	\$25,000 - \$35,000 per month	Eligibility determinations for the Medicaid Program
<b>Supreme Court</b>		
	\$.15 per page for photocopies	The state Law Library assesses fees for photo copies to all state entities except the following: Audit, Environmental Protection Agency, Governor's Office, Legislative PEER Committee and Public Service Commission
<b>Transportation, Department of</b>		
	\$410,894 Total billed during FY 2005	Various Testing- State Aid
	\$20,398 Total billed during FY 2005	MS Development Authority
	\$228 Total billed during FY 2005	Map Sales
	\$21,916 Total billed during FY 2005	Law Enforcement Training
	\$27,979 Total billed during FY 2005	Reimbursement of Engineering Fees - DEQ



\$1,418 Total billed during FY 2005	Printing - State Aid
\$1,240 billed during FY 2005	Conference Registration Fee

<b>Veterans' Home Purchase Board</b>	
\$3,936.90 per month	Lease agreement - Office Rental to Veterans Affairs Board (Loans to Veterans)

SOURCE: PEER review of agencies' survey responses.

**What types of fees did state agencies charge to other state agencies in FY 2005?**

*Exhibit 1, page 9, lists the types of fees state agencies charged in FY 2005 to other state agencies for intragovernmental services.*

For each type of fee, what amount did the agency charge in FY 2005 and what was the legal authority for charging the fee?

*Exhibit 1, page 9, lists the amounts state agencies charged other state agencies for each type of service fee. Exhibit 2, below, gives the legal authority for each type of fee.*

**Exhibit 2: State Agencies Charging Intragovernmental Service Fees and Legal Authority for Those Fees, FY 2005**

<i>Agency</i>	<i>Authority</i>	<i>Service</i>
Archives and History, Department of	FY 2004 Appropriation	All services
	CODE Section 25-59-13	Operations of the Records Center
Attorney General, Office of the	Annual Appropriations Bill	Legal services to agencies
Auditor, Office of the State	CODE Section 7-7-213	Audit charge

<b>Educational Television, Authority for</b>	CODE Section 37-63-11	Tower space
	CODE Section 37-63-11	Production/duplication for agencies
	CODE Section 37-63-17	Equipment use fee
<b>Employment Security, Department of</b>		
	<i>No authority in statute</i>	Unemployment Insurance-Computer matching data exchange of wage records
<b>Fair Commission</b>		
	CODE Section 69-5-3	Agency use of facilities
<b>Finance and Administration, Department of</b>		
	CODE Section 7-7-3 (4)	Statewide Accounting System
	CODE Section 7-7-3 (5)	MMRS
	CODE Section 7-7-3 (5)	MMRS Training Room
	CODE Section 29-5-6	Rent of state-owned facilities
	CODE Section 29-5-77	Capitol police for IHL and Department of Agriculture and Commerce building and new Farmer's Market
	HB 2988, Reg. Session, 2003	State-owned facilities at the Stennis Space Center
	CODE Section 31-9-13	Surplus property sale
	CODE Section 61-13-11	State aircraft use
<b>Fire Academy</b>		
	CODE Section 45-11-7	Training-related activities
<b>Information Technology Services, Department of</b>		
	CODE Section 25-53-5	Authorizes billing for purchases and services
	CODE Section 25-53-29	Consulting services
	CODE Section 25-53-111	Telecommunications

<b>Institutions of Higher Learning, Board of Trustees of</b>	CODE Section 57-13-23, 37-141-21	(Mississippi Automated Resource Information System) Geographic Information Systems services, warehousing of information
	<i>No authority in statute</i>	(Central Office) Tenants' reimbursement of utilities
	CODE Section 37-101-7	(Central Office) Percent of universities' bond issues for construction
<b>Mississippi University for Women</b>	CODE Section 37-139-7	Support to School for Math and Science
<b>Personnel Board</b>	CODE Section 25-9-103, 25-9-401	Management training
	CODE Section 25-9-141	Operations of the State Personnel Board
<b>Public Safety, Department of</b>	CODE Section 45-5-11	Mississippi Law Enforcement Training Academy tuition and other expenses
	CODE Section 45-1-29	Crime Lab services
	CODE Section 45-27-8	MS Justice Information Center Checks
<b>Rehabilitation Services, Department of</b>	CODE Section 37-33-167	Medicaid eligibility
	CODE Section 37-33-157, 37-33-19	Vocational rehabilitation services to State Hospital
	CODE Section 37-33-157, 37-33-19	Vocational rehabilitation services for persons in drug and alcohol programs of Department of Mental Health
<b>Supreme Court</b>	CODE Section 39-1-1 and court policy	Copies of documents

<b>Transportation, Department of</b>	<i>No authority in statute</i>	Soil tests
	CODE Section 25-61-1 et seq.*	Map sales
	<i>No authority in statute</i>	Conferences
	<i>No authority in statute</i>	Printing for State Aid
	**	Law enforcement training

<b>Veterans' Home Purchase Board</b>	Chapter 336, <i>Laws of 1998</i> **	Office Space to Veterans' Affairs Board
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SOURCE: PEER review of agencies' survey responses and state law.

\*MISS. CODE ANN. Section 25-61-1 et seq. (1972) authorizes agencies to collect the cost of reproducing public records.

\*\* In both cases, there is a strong implication that fees can be charged. MDOT's training programs are authorized for law enforcement officers' annual training. See CODE Section 45-6-13 authorizing agencies to recoup the cost of certain training. Legislation authorizing the construction of offices for the Veterans' Affairs Home Purchase Board authorized the agency to provide space for the Veterans' Affairs Board. Under current agreement in force, the VAB is paying its share of operating costs and its share of the building costs.

## Sources of Funds for Fees Paid by State Agencies for Intragovernmental Services

**What was the source of funds (e.g., general funds, federal funds, or special funds) used by each state agency for paying each type of fee in FY 2005?**

***Overall, state agencies used general funds to pay approximately 35% of the \$57 million in intragovernmental service fees in FY 2005 billed by the six agencies assessing the largest amount of intragovernmental fees. Agencies paid the remaining 65% with self-generated, federal, and other funds.***

PEER was asked to give the source of funds used by each state agency for paying each type of fee. It was not possible to determine the source of funds used to pay each type of fee because when agencies remit payments for fees, the remittance is for all fees billed and payments are not identified for each type of fee billed.

Further, state agencies are not required to use SAAS for invoicing other agencies. If SAAS is not used, billing agencies send invoices directly to the agency receiving the intragovernmental service. In order to determine the fund split between general and special funds for the agencies not using SAAS to bill for intragovernmental services, PEER

would have to survey each agency customer individually, which was not a feasible alternative.

The six agencies that constitute the bulk of intragovernmental services do use SAAS for billing purposes. The six agencies are ITS, DFA, Attorney General's Office, State Personnel Board, Office of the State Auditor, and DPS. These six agencies account for \$57 million of the \$59 million agencies expended from fees in support of intragovernmental services and PEER was able to determine the source of funds for these six agencies that billed agencies used to pay for all services received. (See Exhibit 5, page 23.)

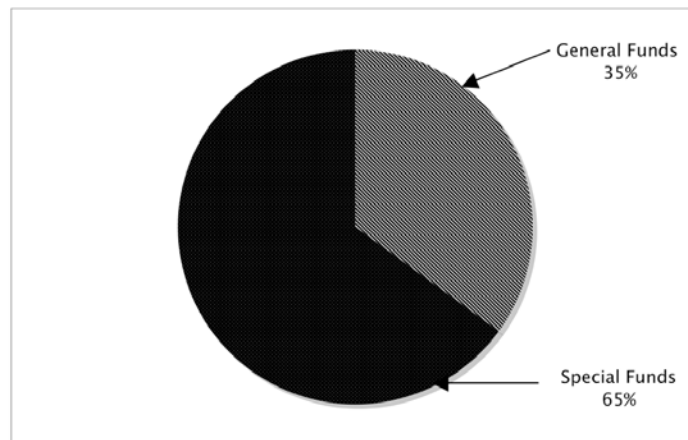
**The sources of funds agencies used to pay intragovernmental service fees in FY 2005 generally reflect the fund split of the total state budget.**

PEER did determine that in FY 2005, state agencies used general funds to pay approximately 35% of the \$57 million in intragovernmental service fees billed by the six agencies listed above. Agencies paid the remaining 65% with self-generated, federal, and other funds. (See Exhibit 3, below.)

According to the FY 2005 *Legislative Budget Report*, general funds comprised \$3.5 billion, or about 32% of the state budget; federal funds comprised \$4.1 billion, or about 38%; and special funds comprised \$3.3 billion, or about 30% of total state disbursements, for a combined total of 68% special funds. Thus the sources of funds agencies used to pay intragovernmental service fees generally reflect the fund split of the total state budget. (See Exhibit 4, page 22.)

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### Exhibit 3: Sources of Funds State Agencies Used to Pay for Intra-governmental Service Fees, FY 2005



SOURCE: Department of Finance and Administration records for FY 2005.

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**Exhibit 4: Sources of Funds State Agencies Used to Pay for Intragovernmental Service Fees Compared with Funding State Government, FY 2005**

	<u>Total Budget</u>	<u>Intragovernmental Service Fees</u>
General Funds	32%	35%
Special Funds	68%	65%

SOURCE: Department of Finance and Administration records for FY 2005 and the FY 2005 *Legislative Budget Report*.

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**State Agencies' Costs of Providing Intragovernmental Services**

**How much did it cost state agencies in FY 2005 to provide the services for which fees were charged to other state agencies?**

*In FY 2005, state agencies spent approximately \$78 million providing services for other state agencies.*

During FY 2005, the seventeen state agencies listed in Exhibit 5, page 23, expended approximately \$78 million for the programs providing intragovernmental services to other state agencies. Of the approximately \$78 million, the agencies providing the services expended approximately \$59 million from fees received to support services they provide to other agencies; approximately \$9 million in federal funds and other funds; and approximately \$10 million in general funds. See Exhibit 5, page 23, for a breakdown of each agency's expenditure of fees, federal and other funds, or general funds in support of intragovernmental fees.

*State agencies expended approximately \$59 million from fees to support services they provide to other agencies. The Department of Information Technology Services collected the largest amount, approximately \$28 million, followed by the Department of Finance and Administration, collecting approximately \$13 million.*

According to PEER's survey, in FY 2005 state agencies expended approximately \$59 million from fees to support services they provide other agencies. The Department of Information Technology Services (ITS) and the DFA collected approximately \$28 million and \$13 million

## Exhibit 5: Expenditures Supporting Intragovernmental Service Programs in FY 2005

Assessing Agency	Total Program Expenditures FY 2005	Intragovernmental Service Fees Expended FY 2005	Federal and Other Funds Expended FY 2005	General Funds Expended FY 2005
Information Technology Services, Department of	\$28,106,423	\$28,106,423	\$0	\$0
Finance and Administration, Department of	23,209,936	12,944,599	6,350,231	3,915,106
Attorney General, Office of the	7,581,291	6,932,126	0	649,165
Personnel Board	5,514,763	5,514,763	0	0
Auditor, Office of the State†	4,585,159	1,405,140	0	3,180,019
Educational Television, Authority for †	3,525,187	91,177	1,684,428	1,749,582
Public Safety, Department of	2,210,809	2,167,659	8,400	34,750
Fire Academy*	1,242,389	232,818	1,009,571	0
Transportation, Department of	484,113	484,113	0	0
Archives and History, Department of	429,014	78,334	0	350,680
Rehabilitation Services, Department of	325,972	325,972	0	0
Mississippi University for Women	314,459	314,459	0	0
Institutions of Higher Learning, Board of Trustees of	237,449	237,449	0	0
Employment Security, Department of	92,267	92,267	0	0
Veterans' Home Purchase Board	47,243	47,243	0	0
Fair Commission*	32,753	32,340	413	0
Supreme Court*	4,674	34	289	4,351
<b>Total</b>	<b>\$77,943,901</b>	<b>\$59,006,916</b>	<b>\$9,053,332</b>	<b>9,883,653</b>

† Program expenditures based on ratio of revenue generated from state agencies vs. total revenue generated.

\* Program expenditures based on ratio of fees collected from state agencies vs. total fees collected.

SOURCE: PEER review of agencies' survey responses.

respectively, which accounted for 69% of the total amount of fees expended by state agencies for intragovernmental services.

The following five agencies collected \$55 million of the \$59 million, or 93% of all intragovernmental service fees collected:

- Department of Finance and Administration;
- Department of Information Technology Services;
- Office of the State Auditor;
- Office of the Attorney General; and,
- State Personnel Board.

Exhibit 5, page 23, lists all agencies that collected fees in FY 2005 and the amounts collected.

## Fee Adjustments or New Fees Implemented in FY 2006 and Proposed for FY 2007

**What new intragovernmental service fees or increases to existing fees will state agencies charge in FY 2006?**

*Five agencies implemented new or increased existing intragovernmental service fees in FY 2006.*

PEER identified five state agencies that implemented new intragovernmental service fees or increased existing fees in FY 2006. These fees went into effect July 1, 2005.

Exhibit 6, page 25, lists state agencies that implemented new intragovernmental service fees or increased existing fees, description of the service fee, the old fee (if applicable) and the new fee rate.

The Department of Information Technology Services (ITS) is unique because it had some fee *decreases* (see discussion beginning on page 31, regarding ITS's annual fee adjustments based on increases or decreases in cost.) Exhibit 6 also reflects these decreased fees.



**Exhibit 6: State Agencies that Implemented New Fees or Adjusted Existing Fees in FY 2006**

<i>Agency</i>	<i>Fee Description</i>	<i>Old Fee</i>	<i>New Fee</i>
<b>Development Authority, Mississippi</b>	Contract with the Department of Employment Security (MDES) to provide Workforce Investment Act (WIA) grant management, participant tracking systems, labor market information and outreach services (S. B. 2478, 2005 Legislative Session transferred responsibility for WIA from MDA to MDES, which lacked the capability to perform these functions.)	N/A-MDA was responsible for this function during FY 2005	\$924,000
<b>Emergency Management Agency, Mississippi</b>	Reimbursement of utilities from new facility tenants (i.e., Department of Health and Office of Homeland Security) to go into effect either fourth quarter, FY 2006, if occupancy occurs prior to June 30, 2006, or in FY 2007	N/A-no occupancy	percentage of square footage occupied (to be determined upon occupancy)
<b>Finance and Administration, Department of</b>	Use of state aircraft	Pilot expenses + \$950/flight hour for Citation and Lear Jet; \$600/flight hour for King Air 350; \$450/flight hour for King Air 200	Pilot expenses + \$1,500/flight hour for Citation Jet and \$900/flight hour for King Air 350

Rent of state property--vendor leases at the old Farmer's Market location	N/A-DFA was not responsible for this property in FY 2005	Rent as previously charged by the Department of Agriculture and Commerce per S.B. 2064, Second Extraordinary Session of 2005
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**Institutions of Higher Learning, Board of Trustees**

Mississippi Automated Resource Information System (MARIS) support for Automated Water Resource Information System	N/A-development charges for FY-2005	\$40/hour
MARIS development and support of the Certified Area Mapping & Information System for Public Utilities Staff	N/A-new contract	\$50/hour
Utilities reimbursement to be paid by tenants of IHL Complex (Education and Research Center)	no charge	\$1/square foot
Administrative services reimbursement to be paid by the universities for bonds issued for construction projects	no charge	0.25%/project

**Information Technology Services, Department of**

<b>Fee Increases</b>		
Data Services-MDHS Business Recovery Pass Through	\$7,480/month	\$8,367/month
Data Services- MDHS Mainframe Software Pass Through	\$235,728/year	\$820,354/year
Data Services-MSTC Server Software Pass Through	\$48,334/year	\$53,000/year
MSTC Server Maintenance Pass Through	\$13,010/year	\$16,000/year
Server Back-up	N/A-new service	\$.75/month/gigabyte of storage
Server Monitoring charge	N/A-new service	\$100/month/ server
Education Services- On-line training	\$75-\$150/person	\$85-\$167/person

Education Services-Additional on-line training offers	N/A-expansion of training service	\$25-\$335/person
<b>Fee Decreases</b>		
Data Services-MDHS Support Charge	\$37,675/month	\$34,185/month
Data Services-DB2 Mainframe Software Pass Thru	\$42,334/month	\$24,712/month
Voice Services- Calling Cards	\$0.10/minute + \$0.25/call	\$.09/minute + \$0.25/call
Voice Services-Toll Free/800	\$0.11/minute	\$0.09/minute
Data Services-Email	\$2.00-\$5.50/account/month	\$1.50-\$5.50/account/month

Note: ITS reported seventeen fees are being rebid with outside vendors at time of survey

Note: ITS fees are adjusted annually for increases or decreases in cost (see discussion on page 31).

SOURCE: PEER analysis of agencies' survey responses.

**What new intragovernmental service fees or increases have state agencies proposed for FY 2007?**

*Five agencies are proposing new intragovernmental service fees in FY 2007.*

PEER identified five state agencies that are proposing new intragovernmental service fees or increases to existing fees for FY 2007. These would become effective July 1, 2006. Exhibit 7, page 27, lists state agencies proposing new intragovernmental service fees or increases to existing fees, service fee descriptions, the old fee rate (if applicable), and the new fee rate.

**Exhibit 7: State Agencies Proposing New Fees or Fee Adjustments for FY 2007**

<i>Agency</i>	<i>Fee Description</i>	<i>Old Fee</i>	<i>Proposed Fee</i>
<b>Archives and History, Department of</b>	Box storage fee	no charge	\$0.25/ box/month
	Shredding confidential paper records not stored at the State Records Center	\$3/box	\$6/box
	Shredding confidential paper records stored at the State Records Center	no charge	\$4/box
	Magnetic back-up tape rotation (pick-up and delivery of computer back-up files) outside Jackson city limits	\$15/one-time delivery	\$25/one-time delivery
	Magnetic back-up tape rotation (pick-up and delivery of computer back-up files) inside Jackson city limits	no charge	\$0.50/small case/day; \$1/large case/day
	Reference services (when an agency requests delivery and pick-up of stored records) within the Jackson city limits	no charge	\$10/first 5 boxes + \$2 for each additional box
	Reference services (when an agency requests delivery and pick-up of stored records) outside the Jackson city limits	no charge	\$10/first 5 boxes + mileage for delivery; \$10/first 5 boxes + mileage for pick-up
<b>Finance and Administration, Department of</b>	Rent of office space	\$10 per square foot	\$12 per square foot

<b>Fire Academy</b>			
	Training Courses	\$39/day + consumable supplies	5% - 10% increase
<b>Information Technology Services, Department of</b>			
	MDHS Support Charge	\$34,185/month	\$37,675/month
	MDHS Business Recovery Pass Thru	\$8,367/month	\$11,000/month
	MDHS Mainframe Software Pass Thru	\$820,354/year	\$900,000/year
	DB2 Mainframe Software Pass Thru	\$24,712/month	\$27,000/month
	MSTC Server Software Pass Thru	\$53,000/year	\$55,000/year
	MSTC server Maintenance Pass Thru	\$16,000/year	\$18,000/year
<b>Institutions of Higher Learning, Board of Trustees of</b>			
	Operations and maintenance (including utilities) reimbursement from tenants of IHL Complex (Education and Research Center)	\$1/square foot	\$2/ square foot

SOURCE: PEER analysis of agencies' survey responses.

## Agencies' Methods of Setting Fees

### How do agencies set the amounts of the fees they charge?

***Although agencies generally base their fees on a cost allocation model or their fees are set by state law, some agencies set their fees for the purpose of generating additional revenues. Also, PEER found three state agencies that charge fees without legislative authorization.***

As noted on page 3, PEER anticipated that the following five agencies would have significant self-generated intragovernmental service fee revenue in FY 2005:

- Department of Finance and Administration;
- State Personnel Board;
- Office of the State Auditor;
- Office of the Attorney General; and,
- Department of Information Technology Services.

As PEER had anticipated, the survey results showed that these five agencies collected 93% of the total dollar value of intragovernmental service fees collected in FY 2005.

PEER interviewed staff of these five agencies concerning the methods by which they set their intragovernmental service fees for FY 2005 and found that these agencies primarily:

- set their fees on a cost allocation model based on the cost of providing services; or,
- had fees set by law.

However, in reviewing the fee-setting methodology used by agencies that implemented new fees or increased existing fees in FY 2006 or proposed new fees or increases for FY 2007, PEER also found instances of agencies setting their fees for the purpose of generating additional revenues rather than on the cost of the service.

PEER did not review the costs or efficiency of providing intragovernmental services. Accordingly, the reader should not view this report as an endorsement by PEER of these fees.

## Fee Setting Based on Cost Allocation Model

*The Department of Information Technology Services, State Personnel Board, and Office of the Attorney General set their fees based on the costs of providing services.*

As discussed on page 6, the following principles should be incorporated into setting intragovernmental service fees:

- Fees should be based on the costs of providing the services unless the offered services are subsidized with state or federal funds.
- Fees should not be used to generate excess revenues that are diverted to unrelated programs or services.
- Fees should not be based on what other entities, commercial or government, charge for the same service.
- Fees should be based on the consumption or usage of the services.

The following sections discuss three agencies' fee-setting methods that are based on some form of cost allocation model.

### ***Department of Information Technology Services***

In compliance with the principle of assessing fees based on the cost of providing services, the Department of Information Technology Services based its FY 2005 fees on actual customer usage and a cost allocation model intended to recoup the cost of providing service.

MISS. CODE ANN. Section 25-53-5 (1972) authorizes the Department of Information Technology Services to charge fees for purchases and data services; MISS. CODE ANN. Section 25-53-29 (1972) authorizes the department to charge fees for consulting services; and MISS. CODE ANN. Section 25-53-111 (1972) authorizes the department to charge fees for telecommunications services. Services provided by ITS are either requested by agencies or legislatively mandated. A large portion of ITS's budget is pass-through charges for basic telephone, long distance, and data communications services provided by the agency.

**Because ITS receives no general funds, fees in some program areas must cover the costs of other non-revenue generating programs such as administration and planning assistance.**

ITS is strictly a special funds agency, receiving no general funds from the Legislature and no federal funding. Because the agency receives no general funds, fees in some program areas must cover the costs of other non-revenue generating programs such as administration and planning assistance. It is therefore critical to maintaining operations that fees are properly set to recoup cost.

PEER found that the Department of Information Technology Services bases its fees on the estimated cost of service provided, with adjustments for increases or decreases in cost according to actual customer usage. ITS continuously re-evaluates its fee-setting to recoup cost based on current operating expenses. ITS's financial goal is to break even after adequately recovering the cost of doing business and generating enough revenue for replacements and enhancements of shared technology infrastructure. Also, ITS has an outside consultant review previous years' expenditures and revenue and planned charges for the next year. Because some of ITS's customers pay for services with federal funds, the agency also furnishes rate analyses and reconciliation reports to the federal government on an annual basis.

### ***State Personnel Board***

The State Personnel Board, a strictly special funds agency, bases its fees on the amount of funding it needs to operate divided by the number of positions it will assess.

The State Personnel Board (SPB) receives no general funds from the Legislature and no federal funding and operates on self-generated fee revenue from position assessments. MISS. CODE ANN. Section 25-9-141 (1972) authorizes the State Personnel Board to charge a position assessment fee. SPB charges \$140 per position identification number (PIN) for position assessment. The agency is funded through proration of its operating costs among the departments, agencies, and institutions receiving position assessment services. SPB bills for these services and agencies pay their share of the cost based on the number of SPB authorized employment positions at each agency.

**SPB bases its fees on estimated operating costs associated with providing position assessment services and estimated costs for providing administration and human resources services to support the agency.**

MISS. CODE ANN. Section 25-9-141 and Section 25-9-401 (1972) authorize SPB to impose position assessments and to operate management training programs on a fee-for-service basis. The law requires new managers to complete the basic supervisory course and requires each agency to report how much it spends on management training annually to the SPB. SPB charges range from \$69 to \$300 for management training classes.

SPB bases its fees on estimated operating costs associated with providing position assessment services and estimated costs for providing administration and human resources services to support the agency. SPB bases its fees on a



cost allocation model designed to support self-generating fee activities and non-revenue-generating activities such as administration.

### ***Office of the Attorney General***

The Office of the Attorney General bases its fees on a flat rate set in statute for smaller agencies, boards, and commissions and, for larger agencies, on a contractual amount based on the salaries and fringes of assigned assistant attorneys general, plus ten percent indirect cost designed to recoup costs associated with providing legal services to state agencies.

**The AG charges a flat fee of \$55 per hour for legal services provided to smaller agencies, boards, and commissions on an as-needed basis.**

The Office of the Attorney General's (AG) FY 2005 authority to charge fees is granted by the Legislature in appropriation H. B. 1728, 2004 Regular Session. The AG is authorized to charge for legal services on a set contract rate basis or an hourly rate basis, with no formula or specified amount regarding appropriate charges. The AG charges a flat fee of \$55 per hour for legal services provided to smaller agencies, boards, and commissions on an as-needed basis. The AG negotiates fixed contracts for attorneys assigned full-time to larger agencies based on salaries and fringe benefits, plus 10% indirect cost.

In addition to salaries and fringes of assigned attorneys, the AG seeks to recoup other expenses associated with providing "in-house" legal services. The assessment is based on providing support services to assistant attorneys general assigned to other agencies. Examples of support services include administration and human resources services and other indirect costs such as providing the legal library maintained at the Attorney General's Office. The Office of the Attorney General charges the 10% based on a cost allocation methodology to recoup costs associated with providing full-time attorneys to other agencies.

### **Fees Set in State Law**

*Although state law sets some agencies' fees, these fees may not be based on the cost of service. Thus fee collections may not recover costs of providing services or may generate revenues above costs.*

In some instances the fees charged for intragovernmental services are set by a governing statute or appropriations bill. Because the cost of providing the service was not necessarily a factor in the wording of the law or appropriations bill, fees set in law could be set above or below the cost of providing the service. The following sections discuss examples of fees set by state law that are set above or below the cost of service.

## ***State Auditor's Office***

The State Auditor's Office assesses fees for audit services based on the fees set in MISS. CODE ANN. §7-7-213 (1972). Based on 2,080 hours in a work year, the starting salary for an entry-level auditor is higher than the salary that could be recouped when billing for audit services at the statutory rate of \$12.50 per hour. Even without considering the other costs associated with performing audit services, the statutory rate is set too low to recoup costs based on salaries alone.

**The State Auditor's Office complies with state law, but the statutorily set fee is too low to recoup costs.**

MISS. CODE ANN. Section 7-7-213 (1972) requires the State Auditor's Office to charge \$100 per day, or \$12.50 per hour based on actual hours worked, for performing audit services. Although the State Auditor's Office complies with state law regarding the rates charged for audit services, the statutory requirement to charge not more than \$12.50 per hour may be set too low to recoup the cost of the service.

Based on the number of hours in the work year, the statutory rate of \$12.50 per hour is set too low to recoup costs of an entry-level auditor. The statutory rate of \$12.50 per hour based on 2,080 hours in the work year equates to an annual salary of \$26,000 a year. The approximate starting salary for an entry-level auditor is approximately \$28,000, or \$2,000 more than the statutory rate can recoup. The statutory rate is set below cost based on salary alone; if other costs associated with performing audits are considered (e. g., fringe benefits, administration, travel, and supplies), the disparity is even greater.

**The rate for conducting audits should probably fall somewhere in between the federal rate and the state rate, but should be determined after in-depth analysis of actual cost.**

The State Auditor has federal authority to charge \$51 per hour for federally required audits. There is considerable difference in the federal rate of \$51 per hour and the state rate of \$12.50 per hour, further illustrating that the state's statutory rate may be set too low. (However, the federal reimbursement rate may be set too high because it equates to \$106,080 per year, or approximately \$78,000 more than the \$28,000 approximate starting salary.) The actual rate should probably fall somewhere in between the federal rate and the state rate, but should be determined after in-depth analysis of actual cost.

The Office of the State Auditor also provides other types of audit services (e. g., property audits and financial audits) with unique costs associated with performance of each type of audit. The office should charge fees based on the actual cost of providing each type of audit service. If the Legislature amended state law to address these concerns, an increase in audit fees would necessitate that cities, counties, and state agencies would pay more for services, but agencies would rely less on general funds.

### ***Department of Finance and Administration***

MISS. CODE ANN. Section 29-5-6 (1972) states that rental fees for properties under the control of the Department of Finance and Administration are to conform to prevailing commercial rates in the general area. These rental fees would not be based on the cost of the service provided.

MISS. CODE ANN. § 29-5-6 (1972) directs Department of Finance and Administration's (DFA) Office of General Services to act as lessor for state office buildings under its purview and set rental rates in accordance with area commercial rates.

*Any department, agency or political subdivision of the government of the state, or any organization occupying offices in any of the office buildings under the jurisdiction or control of the Office of General Services shall pay as directed by the office into the fund created in Section 27-104-107(7), a rent to be fixed by the office **which shall conform to prevailing commercial rents in the general area.** [Emphasis added]*

**Although in accordance with the governing statute, setting rental rates based on commercial rates would not be in accordance with the principle of setting the rental fees based on the expenses associated with providing rental space to tenants.**

During FY 2005 and FY 2006, tenants paid rental fees of \$10 per square foot per annum for occupancy in buildings under DFA's jurisdiction. According to DFA, the current \$10 per square foot rate is set below the "commercial rate" (i.e., \$14 to \$18.50 per square foot for the downtown Jackson area, according to DFA's informal survey) and charging the commercial rate would not be prudent use of state resources due to the impact on agency budgets. Traditionally, DFA has not charged commercial rates because commercial rates include components such as profit margin, insurance, and taxes, which are factors in determining commercial rates but would not be relevant for setting rates for state agencies.

As a governmental entity DFA would not have profit margin, taxes or insurance as components of cost; therefore, setting government building rental rates based on commercial rental rates would factor in expenses unique to the commercial market. Although in accordance with the governing statute, setting rental rates based on commercial rates would not be in accordance with the principle of setting the rental fees based on the expenses associated with providing rental space to DFA tenants.

PEER notes that the DFA has proposed a 20% rent increase for FY 2007, from \$10 per square foot per annum to \$12 per square foot per annum. In accordance with MISS. CODE ANN. § 29-5-6 (1972), the proposed rent increase is based on commercial rates in the area. According to the DFA, the rent increase is based on an informal survey of five local businesses leasing space in the downtown

**Although DFA's proposed rent increase for FY 2007 is \$2 per square foot below the lowest end of the commercial rates in DFA's survey, the rate is not based on expenses; however, it is in compliance with the law.**

Jackson with commercial rates ranging from \$14 to \$18.50 per square foot.

Although the increase is \$2 per square foot below the lowest end of the commercial rates in DFA's survey, the rate is not based on expenses; however, it is in compliance with the law. DFA officials estimate that approximately \$3,659,000 in new fee revenue will be generated as a result of the increase.

Although DFA has the statutory authority to charge the prevailing commercial rate and the proposed rate is less than the lowest rate found in DFA's informal survey, if DFA were to conduct a study to determine the costs associated with providing office space to DFA tenants, the rates might increase, decrease, or remain the same. In any event, if the Legislature amended state law to require basing rental fees on the actual cost of providing space to DFA tenants, it would provide for a clearer picture of the performance of DFA in providing this essential service to state government.

## **Fees Based on Faulty Methodologies**

*Rather than setting fees based on the cost of services, agencies sometimes set their fees based on faulty methodologies. For example, some agencies have set their fees based on information yielded from surveys or have sought to restore funds lost from budget reductions by assessing new fees or increasing existing fees.*

Due to state budgetary constraints in recent years, the Legislature has reduced general fund appropriations made to some state agencies. When agencies increase intragovernmental service fees, those agencies that have the authority to levy their own fees will most likely either raise their fees or dip into special fund reserves, while other agencies lacking fee authority might seek additional general funds to pay the fees or further reduce their budgets to offset the increased expenses. The result is that the Legislature's budget reduction efforts are negated or misdirected and agencies without the ability to "pass on" budget reductions by assessing fees face the financial dilemma of both budget reductions and increased intragovernmental service fees.

In reviewing the fee-setting methods used by agencies that implemented new fees or increased existing fees in FY 2006 or proposed new fees or increases for FY 2007, PEER found two examples of agencies setting their fees for the purpose of generating additional revenues (e.g., to restore funds lost through budget reductions) rather than on the cost of the service. The following sections include discussions of these examples.

### ***Central Office for the Board of Trustees of Institutions for Higher Learning***

The Central Office for the Board of Trustees of Institutions of Higher Learning (IHL) has sought to restore funds lost through FY 2006 budget cuts by assessing new fees to tenants of the headquarters building of the IHL Complex and to the universities.

For FY 2006, the budget of the Board of Trustees of Institutions of Higher Learning (IHL) was reduced by 5.8%, while universities received a budget reduction of 1.8%. Seeking to restore \$300,000 to its budget, IHL implemented new fees to be paid by tenants of the IHL Complex and the universities in FY 2006. At its July 2005 meeting, the board of trustees approved new fees to tenants of \$1 per square foot for reimbursement of the cost of utilities and a .25% administrative fee to the universities on any construction project initiated during the fiscal year that would be constructed from self-generated funds.

**Documents of the Board of Trustees of IHL show that the agency implemented new fees in FY 2006 in order to restore funds lost through reductions to its budget so that IHL's budget reductions would be equal to the 1.8% budget reduction that the universities received.**

Documents of the Board of Trustees of IHL show that the agency implemented these new fees in order to restore funds lost through reductions to its budget so that IHL's budget reductions would be equal to the 1.8% budget reduction that the universities received. The board did not base these fees on the cost of maintenance and repair, housekeeping, grounds, and security of the IHL Complex on Ridgewood Road in Jackson, but on the amount needed to restore funds lost through budget reductions.

While reviewing these fees assessed by the IHL Central Office, PEER learned that the IHL Board does not have legislative authorization to charge other state agencies any fees for building upkeep and maintenance (see discussion beginning on page 39). However, under MISS. CODE ANN. Section 37-101-7 (1972), the Central Office does have the authority to charge universities the .25% administration fee for construction projects utilizing self-generated funds.

### ***Department of Archives and History***

The Department of Archives and History has proposed new fees and fee increases for FY 2007 for services provided by the department's State Records Center. The department based these fees on information yielded from an informal survey of other states and commercial storage facilities rather than on the actual cost of providing its services.

The Department of Archives and History (MDAH) has proposed numerous increases to existing fees and new fees for FY 2007 for services provided by the department's State Records Center. Some new fees are proposed for services that were provided free of charge in the past, such as records storage fees. The department based the new

fees and fee increases on an informal survey of nine southeastern states and three commercial storage businesses, rather than on expenses associated with providing services.

One fee proposal of the department is for a \$0.25 per box per month charge for records storage at the State Records Center, previously provided at no charge. The department's Division of Records Management based this per box storage fee on survey results showing that four of nine states provide the service at no charge, five charge from \$0.24 to \$0.35 per box per month, and commercial charges average \$0.29 per box per month.

The department's Division of Records Management has proposed other new fees or increases to existing fees for FY 2007 as follows:

- The fee for shredding confidential paper records not stored at the State Records Center would double in FY 2007, from \$3 to \$6 per box. The department based the increase on survey results indicating that only two states provide the service and one of the two charges a fee of \$7 for the service. Commercial rates were based on weight and therefore provide no comparison.
- A new fee of \$4 per box is proposed for FY 2007 for shredding confidential paper records stored at the State Records Center. The department previously provided this service to state agencies at no charge. The department based the proposed fee on survey results indicating that five states provide the service and one charges a fee of \$6 per box. Commercial rates were based on weight and therefore provide no comparison.
- The fee for magnetic back-up tape rotation (i.e., the pick-up and delivery of computer back-up files) outside of the Jackson city limits would increase in FY 2007 from \$15 per one-time delivery to \$25. Inside the Jackson city limits, a new fee of \$.50 per small case per day and \$1.00 per large case per day would be charged in FY 2007. The department previously provided these services at no charge. The department based proposed fees on survey results indicating that no other state provides the service. Commercial charges are based per month and average \$6.00 per month per case (small and large). For comparison purposes, MDAH's equivalent monthly rate would be \$22.50 per month per case (small and large).
- A new fee of \$10 for the first five boxes, plus mileage, for reference services is proposed for FY 2007. Reference services are provided when an agency requests stored records for delivery to and pick-up from an agency outside the Jackson city limits. The charges apply to instances of both delivery and pick-

up. For reference services within the Jackson city limits, a new fee of \$10 is proposed for the first five boxes and \$2 for each box thereafter. The department previously provided these services at no charge. The department based the proposed fees on survey results that indicate that every other state provides the service free of charge. Commercial survey results revealed differing rate structures that involved per box charges, minimum charges, and re-shelving fees.

With respect to MDAH, MISS. CODE ANN. Section 25-59-13 (f) (1972) provides the following stipulation regarding the setting of fees for records management and storage:

*The department may prescribe and charge reasonable fees for said services, which shall not be less than the actual cost thereof.*

This language provides the authority for the department to impose fees for records management and storage services. To comply with the mandate, the fee must be reasonable and at least equal to the cost of providing the service.

**The Department of Archives and History's proposed fee increases for FY 2007 do not comply with state law because the department did not use cost as the basis for its fee increases and new fees.**

The Department of Archives and History is not in compliance with CODE Section 25-59-13 (f) (1972) because the department did not use cost as the basis for its fee increases and new fees. The department did not furnish a cost analysis and needs assessment to PEER and instead relied on surveys as a basis for raising fees or introducing new ones. The department did not perform independent in-house analysis to determine the actual cost of providing the services on which the fees should have been based.

MDAH anticipates adding approximately \$152,000 to its operating budget from the additional revenue from fee increases proposed for FY 2007. As reasons for needing the additional revenue from fees, the department cited the loss of its microfilm program in FY 2006 (due to obsolescence of the technology) that generated approximately \$120,000 to \$150,000 per year in revenue; budget cuts in recent years; and concerns about rent increases. Agency officials stated that DFA's FY 2007 proposed rent increase requires an additional \$380,000 from its budget for rental fees. Agency officials stated that new fee revenue was "in line with cost" when questioned about their fee-setting methodology, but did not provide documentation to PEER.

## **Fees Charged Without Legislative Authorization**

*Three state agencies—the Department of Transportation, the Department of Employment Security, and the Central Office of the Board of Trustees of Institutions of Higher Learning--charge other state agencies fees for services without legislative authorization.*

After reviewing agencies' responses to PEER's questionnaire on fees, PEER determined that the following

three state agencies charge fees without legislative authorization.

- *Department of Transportation.* MDOT conducts soil tests for the State Aid Road Division and for the Mississippi Development Authority. The agency also copies materials for the State Aid Road Division. (While this division is part of the Department of Transportation, it receives a separate appropriation for its program and administrative costs.)
- *Department of Employment Security.* The Department of Employment Security conducts records cross-matches for several state agencies to help determine the employment status of certain recipients of state services. Such checks help other departments determine wages earned by individuals.
- *Central Office of the Board of Trustees, Institutions of Higher Learning.* The Central Office of the Board of Trustees, Institutions of Higher Learning, has imposed a charge on agencies co-located at the IHL facility on Ridgewood Road in Jackson. The Central Office of the Board of Trustees, Institutions of Higher Learning, expends its own funds for the upkeep and maintenance of the office facilities on Ridgewood Road where that agency, the Authority for Educational Television, and the Board for Community and Junior Colleges are housed.

**To be in compliance with state law, agencies that have acted outside their legislative mandate by charging fees must either cease the practice of charging fees to other agencies and continue rendering the service, thereby assuming the entire cost of providing the service from their own resources, or cease providing the service.**

Agencies charging other agencies for a service generally have statutory authority to make such a charge or assessment. In fact, when an issue of authority to charge a fee arises, it is necessary to review the broad grant of legislative authority given to an agency to determine whether it can charge a fee for a service. (See *Attorney General's Opinion to Hilliard*, November 12, 1981, in which the Attorney General reviewed the legislative mandates of the Department of Archives and History to determine whether the department could charge a records management training fee to other state agencies.)

To be in compliance with state law, agencies that have acted outside their legislative mandate by charging fees must either:



- cease the practice of charging fees to other agencies and continue rendering the service, thereby assuming the entire cost of providing the service from their own resources; or,
- cease providing the service.

The latter option could impair other agencies' ability to perform their legally mandated responsibilities. Of course, the Legislature could choose to amend state law to authorize the charging of these fees (see "Recommendations," page 42).

## Oversight of Intragovernmental Service Fees

**What degree of oversight exists for intragovernmental service fees?**

*Mississippi's budget process does not require agencies to provide written justification to legislative committees when setting a new fee or increasing an existing one. As a result, agencies may set fees based on faulty methodology rather than on the cost of providing services.*

**Requiring agencies to justify formally a new or increased fee would allow legislative committees to scrutinize a fee and ensure that the fee is warranted based on increased costs.**

As noted in this report, agencies use various methods to set their fees, ranging from cost-based methods to statutorily set fees to those arbitrarily based on unsound methodologies. One reason that this condition exists is because there is no state law that requires agencies to justify their fees or obtain the permission of the Legislature prior to setting or increasing a fee. Due to the absence of such a law, agencies are not required as part of the annual agency budget request or appropriations process to provide a cost analysis or needs assessment for the setting or increase of a fee to legislative committees. Thus agencies may set fees based on faulty methodology rather than on the cost of providing services.

Presently, accountability for the setting of fees is left to the discretion of individual state agencies. Requiring agencies to justify formally a new or increased fee would allow legislative committees to scrutinize a fee and ensure that the fee is warranted based on increased costs associated with providing services for which the fee is being raised and that the agency used an appropriate fee-setting methodology.

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## Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 27-103-129 (1972) as follows:
  - a) As part of the state budget process, an agency requesting new fee revenue should provide with its budget request a needs assessment and cost analysis based on sound methodology and the cost of providing the service.
  - b) New fee revenue shall be subject to a one-year delay in implementation to ensure completion of a formal review and thus allow agency budget planners sufficient time to make necessary adjustments to address increased expenses.
2. The Legislature should amend MISS. CODE ANN. Section 29-5-6 (1972) authorizing the Department of Finance and Administration to set rental fees based on the cost of providing the service. DFA should base its rental rates on agencies' prorated shares of actual costs of operating state buildings.
3. The Legislature should amend MISS. CODE ANN. Section 7-7-211 et seq. (1972) to allow the State Auditor's Office to assess fees for performing audit services based on the cost of providing each type of service (e.g., property and financial audits).
4. The Legislature should amend MISS. CODE ANN. Section 37-141-5, Section 65-1-8, and Section 71-5-143 (1972) to authorize the Central Office of the Board of Trustees of Institutions of Higher Learning, the Department of Transportation, and the Department of Employment Security to charge fees that reflect the cost of rendering a requested service to an agency.
5. The Legislature should amend MISS. CODE ANN. Section 25-59-13 (f) (1972) to require the Department of Archives and History to base its intragovernmental service fees exclusively on the costs of rendering records management and storage services. The department should not impose any new fees until it has performed a cost study.

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## PEER Committee Staff

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

### Evaluation

David Pray, Division Manager  
Linda Triplett, Division Manager  
Larry Whiting, Division Manager  
Chad Allen  
Antwyn Brown  
Pamela O. Carter  
Kim Cummins  
Lonnie Edgar  
Yohhana Goode  
Barbara Hamilton  
Kelly Kuyrkendall  
Karen Land  
Sara Miller  
Joyce McCants  
John Pearce  
Brad Rowland

### Editing and Records

Ava Welborn, Editor and Records Coordinator  
Tracy Bobo  
Sandra Haller

### Administration

Mary McNeill, Accounting and Office Manager  
Rosana Slawson  
Gale Taylor

### Data Processing

Larry Landrum, Systems Analyst

### Corrections Audit

Louwill Davis, Corrections Auditor