

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

Report to
the Mississippi Legislature



**Summaries of PEER Reports
1973-Present**

Volume II: January 1, 2000-August 1, 2013

PEER Awards and Recognition

2001, 2002, 2003, 2004, 2005, 2007, 2008, 2009, 2010, 2011, 2012

Impact Award

(National Legislative Program Evaluation Society,
National Conference of State
Legislatures)

1994

Award for Excellence in Program Evaluation
(National Legislative Program Evaluation Society,
National Conference of State
Legislatures)

1984

Most Distinguished Research Award
(Governmental Research Association)

1982

Award for Outstanding Contributions to the
Field of Legislative Program Evaluation
(National Conference of State Legislatures)

1979

Most Distinguished Research Award
(Governmental Research Association)

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

PEER Committee

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TO: Honorable Phil Bryant, Governor
Honorable Tate Reeves, Lieutenant Governor
Honorable Philip Gunn, Speaker of the House
Members of the Mississippi State Legislature

FROM:

A handwritten signature in cursive script that reads "Ray Rogers".

Representative Ray Rogers, Chair

DATE: August 1, 2013

RE: **Summaries of PEER Reports, 1973 to Present**
Volume II: January 1, 2000-August 1, 2013

Since 1973, the PEER (Performance Evaluation and Expenditure Review) Committee has been reviewing the state's public entities and making recommendations to improve Mississippi government.

PEER reports have proven to have archival value over an extended period and, in response, the Committee annually publishes a compilation of summaries of PEER reports issued to date. This compilation has become a useful tool for the Legislature and general public.

This volume contains an introduction to the PEER Committee, PEER's enabling legislation, and an index to PEER reports by subject. Summaries of reports, in chronological order from January 1, 2000, until the present, begin on page 137. (Volume I contains summaries and indexing for PEER reports published from 1973 through 1999.)

Legislators, state and local government employees, and private citizens are encouraged to contact our offices (601-359-1226) or check our website (<http://www.peer.state.ms.us>) for copies of PEER reports or for more information about the PEER Committee.

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**A Tribute to PEER Committee Members Representative David Gibbs
and Representative Jessica Sibley Upshaw**

The PEER Committee mourned the loss of two of its members in 2013.

On January 13, the Committee lost Representative David Gibbs of West Point. He had represented District 36 (parts of Clay, Lowndes, and Monroe counties) for twenty-one years. In addition to serving on the PEER Committee, at the time of his death, Representative Gibbs was serving on the Agriculture, Appropriations, County Affairs, and Youth and Family Affairs committees of the House of Representatives. Prior to his tenure in the Legislature, he served on the Clay County Board of Supervisors.

On March 24, the Committee lost Representative Jessica Sibley Upshaw of Diamondhead. She had represented District 95 (parts of Hancock and Harrison counties) since 2004. At the time of her death, she was serving as Chair of the House Conservation and Water Resources Committee. In addition to the PEER Committee, she also was serving on the House Accountability, Efficiency, and Transparency Committee and the Energy, Judiciary A, Public Health and Human Services, Public Property, Tourism, and Ways and Means committees of the House of Representatives.

Introduction to PEER

What is PEER?

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) in 1973 to conduct performance evaluations, investigations, and expenditure reviews and report its findings to the Legislature.

Section 60 of the MISSISSIPPI CONSTITUTION authorizes the Legislature to conduct investigations. The constitutional basis of legislative oversight in Mississippi is derived from elected representatives' right to question executive policies and practices.

The PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses.

What Does PEER Do?

By vote of the Committee, PEER may review the work of any state or local entity that receives public funds. State law authorizes PEER to examine a public entity's documents and records, interview personnel, and examine witnesses, using subpoena power if necessary.

PEER's reviews may have multiple objectives and one of many formats, such as: descriptive summary, investigation, compliance review, management review, economy and efficiency review, program evaluation, or policy analysis. The Committee publishes results of its reviews in reports that are distributed to the Legislature and the public.

PEER staff also provide short-term assistance to legislative committees and individual legislators upon request. These requests do not require a formal vote of the PEER Committee, but resulting work products are distributed only to the requesting legislator or legislative committee and are otherwise confidential.

For additional information on the purpose and powers of the PEER Committee, see page ix for a copy of PEER's enabling legislation (MISS. CODE ANN. Section 5-3-51 through 5-3-71 [1972]).

Who May Request PEER Reviews?

PEER may, by vote of the Committee, conduct reviews in response to requests from PEER Committee members, chairs of legislative committees or subcommittees, individual legislators, PEER Committee staff, other governmental agencies, or private citizens. Also, some PEER reviews are required by state law.

Individuals wishing to request a PEER Committee review should submit a signed, written request to a member of the Committee or staff. However, due to resource constraints, legislative requests must take priority.

What Form Do PEER Reviews Take?

PEER's published reports follow a standard format that includes a very brief summary of the report on its cover, a more detailed "executive summary" inside, then the full text of the Committee's findings and recommendations. Upon request, PEER staff will brief committees, individual legislators, or other legislative staff on the contents of reports.

How May I Receive PEER Reports?

To request a specific PEER report, to be added to the report mailing list, or to request that PEER conduct a review, you may contact PEER's Executive Director by:

Telephone: (601) 359-1226

Mail: P. O. Box 1204
Jackson, MS 39215-1204

In person: 501 North West Street
Suite 301-A, Woolfolk Building
Jackson, MS 39201

Internet: web--<http://www.peer.state.ms.us>
e-mail--reports@peer.state.ms.us

Fax: (601) 359-1420

How Does PEER Operate?

The PEER Committee employs an Executive Director and staff as authorized by law. PEER staff have diverse educational backgrounds, most with advanced degrees or professional certification. The chart on page viii depicts PEER staff's current organizational structure.

Current 2013 Joint Legislative PEER Committee officers are:

Chair, Representative Ray Rogers
Pearl, MS

Vice Chair, Senator Nancy Adams Collins
Tupelo, MS

Secretary, Senator Kelvin Butler
McComb, MS

Other members of the Committee are:¹

Senator Videt Carmichael
Meridian, MS

Senator Thomas Gollott
Biloxi, MS

Senator Gary Jackson
Weir, MS

Senator Sampson Jackson II
Preston, MS

Senator Perry Lee
Mendenhall, MS

Representative Kimberly Campbell Buck
Jackson, MS

Representative Becky Currie
Brookhaven, MS

Representative Steve Horne
Meridian, MS

Representative Margaret Ellis Rogers
New Albany, MS

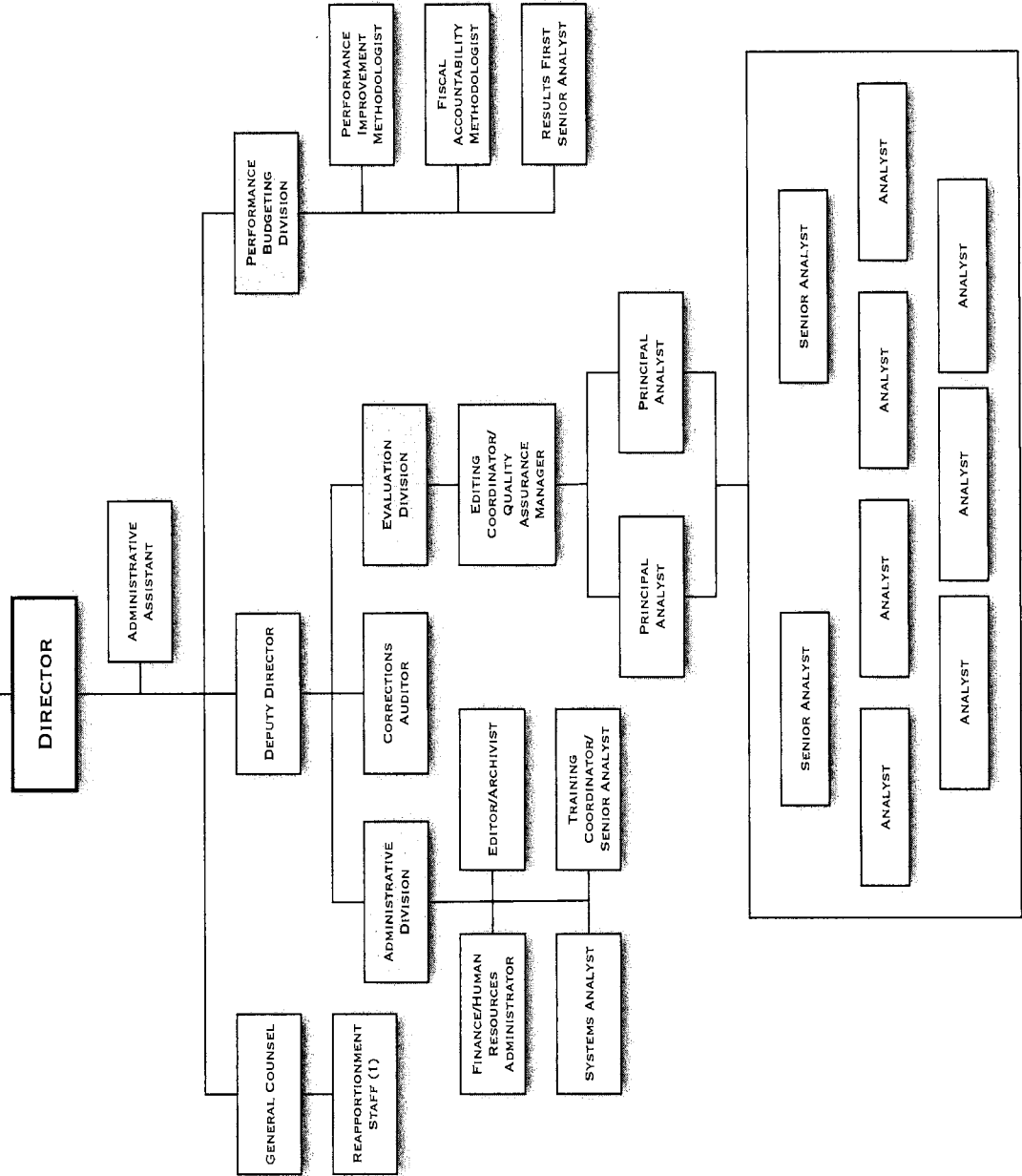
Representative Percy W. Watson
Hattiesburg, MS

¹ Representative Jessica Upshaw died on March 24, 2013. As of the date of this report, Speaker Philip Gunn had not appointed a replacement for her.

ORGANIZATION CHART

Revised: August 21, 2013

**JOINT LEGISLATIVE COMMITTEE
ON PERFORMANCE EVALUATION AND EXPENDITURE REVIEW**
14 MEMBERS (7 APPOINTED BY LT. GOVERNOR; 7 APPOINTED BY SPEAKER OF THE HOUSE)



PEER's Enabling Legislation: MISS. CODE ANN. Sections 5-3-51 through 5-3-71 (1972)

SEC.

5-3-51. Creation of committee; general purpose.

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5-3-69. Quorum; meetings.

5-3-71. Committee to evaluate executive branch of state government; reports.

§ 5-3-51. Creation of committee; general purpose.

A committee of the senate and house of representatives to be known as a joint legislative committee on performance evaluation and expenditure review, (hereinafter committee), is hereby created for the purpose of conducting performance evaluations, investigations and examinations of expenditures and all records, relating thereto, of any agency at any time as the committee deems necessary. Provided further the committee shall perform a complete audit of all funds expended by the highway department. The committee shall submit its findings, conclusions and reports to the Mississippi legislature no later than the first day of the second full week of each regular session of the legislature.

Sources: Laws, 1973, ch. 331, § 1, eff from and after passage (approved March 19, 1973).

§ 5-3-53. Definitions.

For purposes of Sections 5-3-51 through 5-3-69, the following words and phrases have the following meanings unless the context otherwise requires:

(a) "Performance evaluation" shall mean an examination of the effectiveness of the administration, its sufficiency and its adequacy in terms of the programs of the agency authorized by law to be performed. Such examinations shall include, but not be limited to:

(1) How effectively the programs are administered.

(2) Benefits of each program in relation to the expenditures.

(3) Goals of programs.

(4) Development of indicators by which the success or failure of a program may be gauged.

(5) Review conformity of programs with legislative intent.

(6) Assist interim committee dealing with specific programs.

(7) Impact of federal grant-in-aid programs on agency programs.

(b) "Agency" shall mean an agency, department, bureau, division, authority, commission, office or institution, educational or otherwise, of the State of Mississippi, or any political subdivision thereof which shall include all county governments and agencies thereof, all city governments and agencies thereof, and all public school districts and agencies thereof.

(c) "Expenditure review" shall mean an examination made at some point after the completion of a transaction or group of transactions.

Sources: Laws, 1973, ch. 331, § 2, eff from and after passage (approved March 19, 1973).

§ 5-3-55. Membership and organization of committee.

The committee shall be composed of seven (7) members from the Senate and seven (7) members from the House of Representatives, one (1) from each of the congressional districts of the State of Mississippi as they currently exist and three (3) from the state at large, to be appointed by the Lieutenant Governor and the Speaker of the House of Representatives for a term concurrent with their term in their respective house. For the remainder of the present term, the Lieutenant Governor and Speaker shall make their respective appointments within fifteen (15) days after sine die adjournment of the 2004 Regular Session; and for each full four-year term thereafter, the Lieutenant Governor and Speaker shall make their appointments within fifteen (15) days after the first calendar day of the regular session in the first year of such four-year term. The term of each member shall be concurrent with his term of office.

The committee shall meet no later than ten (10) days after the final day of the 2004 Regular Session, and annually thereafter, for the purpose of organizing by electing from the membership a chairman, vice chairman and secretary.

Sources: Laws, 1973, ch. 331, § 3; Laws, 2004, ch. 356, § 1, eff from and after passage (approved Apr. 20, 2004.)

§ 5-3-57. Powers of committee.

The committee shall have the following powers:

- (a) To conduct, in any manner and at any time deemed appropriate, a performance evaluation of all agencies. It may examine or investigate the budget, files, financial statements, records, documents or other papers of the agency deemed necessary by the committee.
- (b) To conduct, in any manner and at any time deemed appropriate, a review of the budget, files, financial statements, records, documents or other papers, as deemed necessary by the committee, of any agency; to make selected review of any funds expended and programs previously projected by such agency; to investigate any and all salaries, fees, obligations, loans, contracts, or other agreements or other fiscal function or activity of any official or employee thereof (including independent contractors where necessary); and to do any and all things necessary and incidental to the purposes specifically set forth in this section.
- (c) To conduct an investigation of all agencies which are in whole or in part operated or supported by any appropriation or grant of state funds, or which are in whole or in part supported or operated by any funds derived from any state-wide tax, license fee, or permit fee or which collects or administers any state-wide tax, license fee, or permit fee by whatever name called; such committee shall also have full and complete authority to investigate all laws administered and enforced by any such offices, departments, agencies, institutions and instrumentalities, and the manner and method of the administration and enforcement of such laws; to investigate any evasion of any state-wide tax, privilege fee or license fee; to investigate all disbursements of public funds by any office, agency, department, institution or instrumentality specified herein; to study the present laws relative to such agencies, offices, departments, institutions and instrumentalities, and the laws providing for the levying or imposition and collection of any state tax, privilege fee or license fee; to make recommendations to the legislature as to the correction of any imperfections, inequalities or injustices found to exist in any of such laws, and to do any and all things necessary and incidental to the purposes herein specifically set forth. Provided further that the committee shall upon petition by one-half the elected membership of either the Senate or House of Representatives perform a complete investigation and audit of any agency, entity or group subject to investigation or audit by passage of Sections 5-3-51 through 5-3-69.

(d) The committee, in its discretion, if it determines that such action is necessary to carry out the responsibilities of Sections 5-3-51 through 5-3-69, may employ an attorney or attorneys to file or assist the attorney general's office in filing actions for the recovery of any funds discovered to have been misused or misappropriated and to prosecute or assist in prosecution of criminal violations, if any, revealed or discovered in the discharging of their duties and responsibilities.

Sources: Laws, 1973, ch. 331, § 4, eff from and after passage (approved March 19, 1973).

§ 5-3-59. Subpoena and examination of witnesses.

The committee, while in the discharge of official duties, shall have the following additional powers:

(a) To subpoena and examine witnesses; to require the appearance of any person and the production of any paper or document; to order the appearance of any person for the purpose of producing any paper or document; and to issue all process necessary to compel such appearance or production. When such process has been served, the committee may compel obedience thereto by the attachment of the person, papers or records subpoenaed; and if any person shall wilfully refuse to appear before such committee or to produce any paper or record in obedience to any process issued by the committee and served on that person, he shall be guilty of contempt of the legislature and shall be prosecuted and punished as provided by law.

(b) To administer oaths to witnesses appearing before the committee when, by a majority vote, the committee deems the administration of an oath necessary and advisable as provided by law.

(c) To determine that a witness has perjured himself by testifying falsely before the committee, and to institute penal proceedings as provided by law.

Sources: Laws, 1973, ch. 331, § 5, eff from and after passage (approved March 19, 1973).

§ 5-3-61. Issuance of performance evaluation and expenditure review reports.

The committee shall issue performance evaluation reports and expenditure review reports, favorable or unfavorable, of any agency examined, and such reports shall be a public record. A copy of the report, signed by the chairman of the committee, including committee recommendations, shall be submitted to the governor, to each member of the legislature, and to the official, officer, or person in charge of the agency examined.

Sources: Laws, 1973, ch. 331, § 6, eff from and after passage (approved March 19, 1973).

§ 5-3-63. Recording testimony under oath.

Whenever making a performance evaluation or an expenditure review, the committee may require that testimony be given under oath, which may be administered by the chairman or by any person authorized by law to administer oaths, and may require that such testimony be recorded by an official court reporter or deputy, or by some other competent person, under oath, which report, when written and certified and approved by such person as being the direct transcript of the testimony, proceedings, or documents, expenditure review or performance evaluation, shall be prima facie a correct statement of said testimony, proceedings or documents, provided that such person's signature to such certificate be duly acknowledged by him before a notary public or some judicial official of this state.

Sources: Laws, 1973, ch. 331, § 7, eff from and after passage (approved March 19, 1973).

§ 5-3-65. Legal assistance; other employees.

The attorney general, or a designated assistant attorney general, appointed by him, the state auditor and the director of the state department of audit shall assist the committee in whatever manner the committee deems that such officers can be helpful. Furthermore, the committee is authorized to employ one full time secretary, other stenographic help, technical experts, auditors, investigators and other employees which may be necessary to enable it to carry out the provisions therein. The committee is authorized at its discretion to fix reasonable compensation for its employees including necessary travel expenses; and it shall maintain and provide a full, complete and itemized record of all such expenditures.

Sources: Laws, 1973, ch. 331, § 8, eff from and after passage (approved March 19, 1973).

§ 5-3-67. Compensation and expenses.

Members of the committee shall serve without compensation, provided that they shall be entitled to per diem compensation as is authorized by Section 25-3-69 for each day occupied with the discharge of official duties as members of the committee plus the expense allowance equal to the maximum daily expense rate allowable to employees of the federal government for travel in the high rate geographical area of Jackson, Mississippi, as may be established by federal regulations, per day, including mileage as authorized by Section 25-3-41. However, no committee member shall be authorized to receive reimbursement for expenses, including mileage, or per diem compensation unless such authorization appears in the minutes of the committee and is signed by the chairman or vice-chairman. The members of the committee shall not receive per diem or expenses while the Legislature is in session. All expenses incurred by and on behalf of the committee shall be paid from a sum to be provided in equal portion from the contingency funds of the Senate and House of Representatives.

The committee staff and employees or contract organizations employed by the committee may continue at the discretion of the committee any investigations, audits or performance evaluation during the time the Legislature is in session.

Sources: Laws, 1973, ch. 331, § 9; Laws, 1980, ch. 560, § 3; Laws, 1988, ch. 314, § 1, eff from and after passage (approved April 6, 1988).

§ 5-3-69. Quorum; meetings.

There shall be no business transacted, including adoption of rules or procedure, without the presence of a quorum of the committee, which shall be eight (8) members to consist of four (4) members from the Senate and four (4) members from the House of Representatives, and no action shall be valid unless approved by the majority of those members present and voting, and entered upon the minutes of the committee and signed by the chairman and vice chairman. All actions of the committee shall be approved by at least four (4) Senate members and four (4) House members.

The committee shall meet at the time and place as designated by the majority vote of the members, provided that a special meeting may be called by the chairman or by a petition signed by no less than five (5) members. No action taken by the committee at any special meeting shall be valid unless each member shall have been given at least forty-eight hours' notice of the meeting, along with a statement of the business to be considered, and unless such action be entered upon the minutes of the committee and signed by the chairman.

Sources: Laws, 1973, ch. 331, § 10; Laws, 2004, ch. 356, § 2, eff from and after passage (approved Apr. 20, 2004.)

§ 5-3-71. Committee to evaluate executive branch of state government; reports.

(1) The Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) shall evaluate the economy, efficiency and effectiveness of the executive branch of state government as it is affected by the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(2) On October 1, 1989, the Fiscal Management Board or its successor shall report to PEER the following information:

(a) A listing of all agencies in the executive branch of state government before and after the reorganization, regardless of whether they are affected by "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]";

(b) A description of the number, organizational location, and cost savings associated with employment positions eliminated as a direct result of the passage of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]";

(c) A complete accounting of all projected or actual costs or savings associated with reorganization, including transition costs;

(d) Performance measures that can be used to determine the effectiveness of each program affected by the reorganization prior to and following the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]", which may be the same as performance measures developed for purposes of preparing program budgets; and

(e) Administrative changes or other provisions that have been made to improve the delivery of services. Upon receipt of this report, the PEER Committee shall conduct a hearing or hearings to assist it in evaluating the initial impact of the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(3) On February 1, 1990, PEER shall report to the Legislature on the initial impact of the reorganization provided for in "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(4) On October 1, 1990, the Fiscal Management Board or its successor shall report to PEER any changes in the information presented in the report required in Subsection (2) of this section. Upon receipt of this report, the PEER Committee shall conduct a hearing or hearings to assist it in evaluating the final impact of the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

(5) On February 1, 1991, PEER shall report to the Legislature the final evaluation of the economy, efficiency and effectiveness of the executive branch of state government as it is

affected by the implementation of "the Mississippi Executive Reorganization Act of 1989 [Laws, 1989, Chapter 544]".

Sources: Laws, 1989, ch. 544, § 167, eff from and after July 1, 1989.

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State agencies and departments are listed by key word.

Example: State Board of Health is listed as Health, Board of

In most cases, Mississippi has been omitted before the names of agencies and departments.

Example: Mississippi Health Care Commission is listed as Health Care Commission

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403. THE MISSISSIPPI EMERGENCY MANAGEMENT AGENCY: A REVIEW OF THE PUBLIC ASSISTANCE PROGRAM'S DISASTER CLAIMS PROCESSING, January 3, 2000, 30 pages

The Mississippi Emergency Management Agency (MEMA) coordinates with the Federal Emergency Management Agency (FEMA) in administering the disaster recovery process for the Public Assistance Program in Mississippi. This program provides supplemental federal/state aid to subgrantees (governmental and private nonprofit entities) to pay certain costs for emergency services immediately after a disaster and to restore damaged infrastructure to its pre-disaster condition. Federal sources contribute at least 75 percent of damage repair costs, while state and local entities share the remaining 25 percent or less of repair costs.

PEER's review of two 1998 federally declared disasters in Mississippi showed that subgrantees and FEMA adhered to the sixty-calendar-day processing standard for submitting and approving projects for disaster assistance. Delays in processing times (typically 235 days between the disaster and the subgrantees receiving payment for making disaster related repairs, renovations, or new construction) were the result of several contributing factors. MEMA did not adhere to the federal payment policy for small project reimbursements, subgrantees did not consistently use trained disaster recovery agents to handle paperwork, MEMA did not allocate adequate staff resources to disaster efforts, and MEMA did not aggressively address, along with the State Auditor, a growing backlog in closeout audits. The backlog is primarily the

result of the processing of unreimbursed claims from the 1994 Ice Storm and their preparation for audit.

The lack of a unified project management system for tracking and reporting project status has contributed to MEMA's inability to assess the status of outstanding claims and measure processing timeliness.

404. MISSISSIPPI'S STATE VETERANS' HOMES: AN ANALYSIS OF INCREASING RELIANCE ON STATE GENERAL FUNDS AND AN EXAMINATION OF COST REDUCTION AND FUNDING OPTIONS, May 9, 2000, 47 pages

When the Veterans Affairs Board (VAB) sought authority for creation of the state's four veterans' homes, VAB told the Legislature that, aside from one-time state general fund appropriations necessary to start up each of the homes, operations costs would be funded entirely through non-state sources (e.g., federal funds and resident charges). However, general fund support for operations has grown from 0% in fiscal years 1990 through 1994 to 13% in FY 1999. In FY 1999 and current FY 2000, VAB will have received approximately \$5.2 million in state general funds for operation of the veterans' homes.

The increase in general fund expenditures is primarily due to increased staffing of the homes and insufficient non-state revenues to cover the costs of the staffing increase. Non-nursing staffing levels for the veterans' homes exceed non-nursing staffing levels of comparably sized nursing homes.

VAB could reduce reliance on state general funds by implementing one or

more of the following options:

- reducing requests for general funds when the amount of special funds received exceeds initial budget projections;
- reducing non-nursing staff to average staffing levels of comparably sized nursing homes in the state;
- discontinuing payment of residents' in-patient hospital costs;
- exercising diligence in collecting Medicare Part B and secondary insurance reimbursements;
- increasing resident fees to the extent necessary to support efficient operations.

405. A REVIEW OF THE MISSISSIPPI GOVERNMENT EMPLOYEES' DEFERRED COMPENSATION PLAN AND TRUST, May 10, 2000, 24 pages

The Mississippi Government Employees' Deferred Compensation Plan is a supplemental savings plan administered by the Public Employees' Retirement System (PERS) Board of Trustees. Participants in the Deferred Compensation Plan may elect to invest in any of ten funds. The PERS Board is responsible for fund selection and contracts for administrative, marketing, and recordkeeping services. A participant's current income taxes are reduced because the participant defers part of his or her salary and does not pay federal and state income taxes on those contributions until withdrawal of the funds. Interest and savings on contributions are also tax deferred until withdrawal.

PERS has administered the plan in compliance with applicable state and federal laws and the level of administrative services and the fees charged by the contractor are appropriate and customary for the

industry. However, the plan's offering of investment funds contains several funds of the same or similar asset classification. The offering lacks a small capitalization domestic equity fund for the more aggressive investor and should add several asset allocation funds for the less sophisticated investor.

406. A REVIEW OF THE MISSISSIPPI BUREAU OF NARCOTICS' STAFFING ACTIONS, July 12, 2000, 25 pages

The Mississippi Bureau of Narcotics' (MBN) management sought and received resources to improve the bureau's drug enforcement capability in FY 1998 through FY 2000 by employing additional drug agents. However, although the Legislature appropriated funds to implement MBN's enforcement expansion proposal, MBN's former Director did not use all of the additional resources to expand the bureau's enforcement capacity. As a result, MBN did not achieve the projected performance level increases for initiated cases and arrests.

Also, despite the availability of a state general law enforcement training course at the Mississippi Law Enforcement Officer Training Academy, MBN expended funds in fiscal years 1998 through 2000 to create and operate, without statutory authority, its own general law enforcement training program. This program operated at a daily cost per student that was higher than that of the existing training academy.

While reviewing MBN's personnel management practices, PEER found that the bureau has issued weapons to employees who were not certified law enforcement officers. Further, one employee was not trained on the use of firearms. Such a practice exposes the state to potential liability for any injuries these employees might cause in the course and scope of their employment.

407. MANAGING TRAVEL EXPENDITURES, July 11, 2000, 48 pages

In FY 1999, state agencies and Institutions of Higher Learning expended \$67 million on travel-related expenditures. While these expenditures represent less than 1% of the state's budget, state travel costs have increased significantly over the past six years--by 66% in actual dollars and by 47% when adjusted for inflation.

State statutes authorize the Department of Finance and Administration (DFA) to manage the state's fiscal affairs, including effectuating economies in the payment of travel and other expenditures. While PEER found that current controls over travel expenditures are adequate to help ensure legitimate reimbursements, DFA and state agencies could better manage state travel costs through more active travel management. For example, DFA does not routinely collect and analyze travel cost data to identify opportunities for cost reduction.

PEER makes extensive recommendations in the areas of evaluating the need for travel, collecting comprehensive travel-related data, analyzing and auditing travel data, determining the most efficient mode of transportation, controlling costs of airline travel, managing use of vehicles, obtaining travel agent services, and realizing other travel-related cost savings.

408. A REVIEW OF THE MISSISSIPPI STATE DEPARTMENT OF HEALTH, July 11, 2000, 126 pages

Although the Mississippi State Department of Health (MSDH) is the lead agency on public health issues in the state, hundreds of entities in both the public and private sectors carry out activities that directly impact the protection and promotion of public health. Protecting and promoting public health in Mississippi is particularly

challenging, given the state's demographics, which are associated with behaviors linked to greater risk of disease, high incidences of disease, and poor access to health care.

While Mississippi continues to rank poorly on several major public health indicators in comparison to the rest of the country (e.g., years lost by premature death, infant mortality rate death rates by motor vehicle accidents, incidence of sexually transmitted diseases, teenage birth rate), the state has made progress on a few indicators during the 1990s (e.g., reduction in syphilis and infant mortality rates) and ranks well on other important public health measures, such as the percentage of children who are immunized.

PEER reviewed three MSDH regulatory programs and found deficiencies in enforcement which compromise the ability of these programs to protect the public from associated health risks. Also, PEER determined that MSDH could improve the timeliness and comprehensiveness of its data collection efforts.

409. MISSISSIPPI DEPARTMENT OF CORRECTIONS: A STUDY OF INCARCERATION COSTS, July 12, 2000, 67 pages

PEER contracted with an independent certified public accounting firm to review the Mississippi Department of Corrections' (MDOC) incarceration costs. The contractor was to identify opportunities for improving efficiency and reducing expenditures.

The contractor found \$9.6 million of estimated annual cost savings opportunities. These savings could be realized by:

- renegotiating contracts for special needs prisons on the basis of actual cost data;

- adjusting private prison contracts to the same level and quality of service offered by MDOC;
- privatizing selected MDOC units or locations or restructuring correctional officer pay scales;
- utilizing empty beds at MDOC; and,
- eliminating farming losses.

PEER recognizes that factors other than cost savings must be considered in decisions to implement cost savings and actual savings resulting from implementation of these strategies may vary accordingly.

410. SUMMARIES OF PEER REPORTS, 1973-Present, September 18, 2000, 106 pages

411. MISSISSIPPI'S EDUCATION OF THE VISUALLY AND HEARING IMPAIRED: A COMPARISON OF THE COSTS AND EFFECTIVENESS OF THE STATE'S RESIDENTIAL SCHOOLS AND THE LOCAL SCHOOL DISTRICTS, November 15, 2000, 34 pages

Because federal law requires all public school districts to provide a free and appropriate public education to hearing and visually impaired students which may, but is not required to, take place in a residential setting, and because the state's residential schools, the Mississippi Schools for the Deaf and Blind, have continued to educate students with these disabilities, the state faces a scenario of funding and operating dual service providers for hearing and visually impaired students.

PEER compared the cost and effectiveness of the Schools for the Deaf and Blind to the education of hearing and visually impaired students in the state's local public school districts. At a FY 1999 cost of \$42,500 per student, it cost \$34,700 per year more to educate a blind and/or deaf student at the state's

residential schools than in the local public school districts.

Despite the disparity of per-student cost between the residential schools and the local school districts, PEER found no conclusive evidence of greater benefits from a residential education. In comparing the two, PEER found no appreciable difference in teacher qualifications, educational requirements, educational outcomes, or extracurricular activity requirements.

412. A REVIEW OF THE MISSISSIPPI FORESTRY COMMISSION, December 6, 2000, 40 pages

The Mississippi Forestry Commission compiles information about Mississippi's forests and provides leadership in forest protection and forest management. Its primary responsibility is fire control. With over 18.5 million acres in forestland, timber is the number one agricultural crop in the state.

Generally, the Forestry Commission's management does not use information recorded and compiled at various levels within the organization to operate the agency more efficiently.

Within the Forestry Commission's Forest Protection Division, PEER found weaknesses in the method of distributing fire units and fire investigation personnel, evaluating of fire reporting methods, monitoring utilization of aircraft, and assessing insect and disease control program efficiency.

Within the commission's Forest Management Division, the lack of accurate and detailed information on program operations such as sixteenth section land management, cost share, and crew assistance inhibits the commission's central office managers from making informed decisions on allocation of resources. In the absence of

such information, the Forestry Commission can offer little assurance that current program operations are responsive to landowner needs.

413. THE DEPARTMENT OF HUMAN SERVICES' USE OF REVENUE MAXIMIZATION CONTRACTS, December 6, 2000, 35 pages

In 1995, the Mississippi Department of Human Services (MDHS) entered a contract with the Institutes for Health and Human Services, Inc. (IHHS), a private consulting firm, for the purpose of identifying additional revenues the department could claim under Title IV-E of the Social Security Act. Title IV-E provides federal financial assistance to the state for foster care, adoption assistance payments, and some administrative costs.

On August 10, 2000, the federal Office of Inspector General, Office of Audit Services, recommended disallowance of \$14.7 million in federal reimbursements resulting from MDHS's contract with IHHS for the period October 1, 1993, to June 30, 1997. On October 20, 2000, the federal Administration for Children and Families accepted these recommendations. MDHS has repaid \$3 million of this amount and is disputing the repayment of the remaining \$11.7 million.

On February 8, 2000, the State Auditor's Office issued its Single Audit Management Report of several state programs receiving federal financial assistance in FY 1999. In this audit report, the State Auditor's Office took exception to more than \$7 million in retroactive claims prepared by IHHS.

The Department of Human Services' contract with IHHS did not protect the state's interest, which would have been best served by adherence to the elements of a model contracting system. Due to the potential for costly federal audit exceptions, PEER recommends that state agencies consider revenue maximization

contracts only after careful determination of need and adherence to model public contracting and management practices.

414. THE MISSISSIPPI DEPARTMENT OF TRANSPORTATION'S ADMINISTRATION OF THE 1987 FOUR LANE AND GAMING ROADS PROGRAMS, December 6, 2000, 92 pages

When the Legislature passed the Four Lane Highway Program in 1987, the original cost estimate of \$1.6 billion did not include the costs of bridges, interchanges, inflation, and rehabilitation of existing lanes. These factors—along with legislative revisions, costs from complying with federal environmental regulations, design changes to accommodate increased weight and speed limits, interest on bonds, actual annual inflation rate, and the Mississippi Department of Transportation's (MDOT's) safety initiatives—will increase costs to approximately \$5.6 billion. Construction delays have resulted from spreading the original funding stream over costs not originally considered. Also, due to program additions and changing traffic patterns, the priority of segments established in law may not represent current needs.

The Gaming Roads Program's original 1994 cost estimate of \$317 million also did not include bridges, interchanges, inflation, or consideration of environmental issues. The program is now estimated to cost \$1.6 billion. Funding comes from MDOT's portion of gaming tax revenue, capped at \$36 million annually, and bonding authority of \$325 million. After making debt service payments on bonds, the program will have approximately \$5 million annually to fund construction.

MDOT's program management system does not facilitate oversight and management of the preliminary engineering, right of way, and construction phases for highway

segments or readily identify causes of inaccurate cost estimates, cost overruns, or delays. Thus, MDOT cannot provide the timely, accurate information the Legislature needs for decisionmaking.

MDOT has not made highway maintenance a high priority when making decisions regarding use of resources and plans to devote 22% of its FY 2001 maintenance budget to pavement overlay. From FY 1997 through FY 2000, MDOT expended \$94 million more in federal funds for the 1987 Program than required by law, rather than using federal funds for maintenance, as was within MDOT's discretion.

Contrary to state law, MDOT has repeatedly let construction contracts for segments of less than ten miles, thus ignoring potential economy of scale benefits of letting contracts for longer segments. Eighty-two percent of 1987 Program contracts were for segments of less than ten miles.

415. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2000 COST PER INMATE DAY, December 6, 2000, 20 pages

For Fiscal Year 2000, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$49.92, including debt service for a facility. FY 2000 costs per inmate day for individual security classifications were as follows: minimum security, \$42.90; medium security, \$45.33; and, maximum security, \$63.32. MDOC's FY 2000 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$59.81 for medium security and \$66.20 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." Thus PEER believes that private prison contracts

should yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

416. THE JACKSON STATE UNIVERSITY HONORS DORMITORY: AN EVALUATION OF DESIGN, CONSTRUCTION, AND MAINTENANCE, December 27, 2000, 50 pages

The Jackson State University (JSU) Honors Dormitory was completed in 1992. By 1994, the dormitory had sustained damage caused by expanding and contracting soil conditions, necessitating a \$920,000 repair/renovation project.

PEER contracted with a registered professional engineer to evaluate the dormitory's design and construction specifications to determine, to the extent feasible, the likelihood of design deficiencies that could have contributed to a decrease in the serviceable life of the dormitory. The engineer concluded that the JSU Honors Dorm's design and construction specifications met the professional standards and practices for soil conditions at the site and that the design and construction did not contribute to excessive moisture build-up in the soil after the dormitory was built.

The groundwater problems at the JSU Honors Dorm site were due to improper operation of the dormitory's sprinkler system and lack of maintenance of the system. When presented with physical evidence of a groundwater problem, JSU did not effectively investigate or identify existing subsurface water collection problems. Also, although IHL follows a custom and practice of delegating responsibility for maintenance to the university, IHL did not meet its responsibility to assure that the dormitory was properly maintained when JSU failed to resolve the groundwater problem.

Neither JSU nor the Department of Finance and Administration's Bureau of Building has legal recourse to recover damages for the expense of the Honors Dorm repair. JSU did not fulfill its operational and maintenance responsibilities for the dormitory's sprinkler system, and the serviceable life of the dormitory was based on proper operation and maintenance of the building's systems. If deficiencies in design or construction had existed, the six-year statute of limitations has expired for any legal action to recover damages for a deficiency in construction.

417. A REVIEW OF THE OFFICE OF THE SECRETARY OF STATE, April 10, 2001, 60 pages

The Secretary of State's Office is a service, information, and regulatory agency. The office addresses various risks to the public through its provision of primary service functions of administrative/recordkeeping/disclosure, consumer protection, public lands management, and training of election officials.

The Secretary of State's Office is successfully addressing risks to the public. However, the office does not utilize formal, written policies and procedures to enhance efficiency and effectiveness within the divisions, nor does it effectively use performance measures to monitor its success in achieving goals and objectives.

Revenues of the Secretary of State's Office increased 162.5% from FY 1990 to FY 2000. Expenditures increased 63.2% for the same period, primarily as a result of a staffing increase. While the Secretary of State's workload increase indicated a need for additional personnel during this period, the office did not maintain historical workload data by division. Thus, PEER could not verify whether the total number of positions added was appropriate and whether the positions were added to the divisions with the greatest amount of need.

The Secretary of State's Office generally provides readily accessible information, both on-site and on-line, to the public. However, the office currently does not have a formal procedure in place for handling and tracking complaints.

418. A REVIEW OF THE AGRICULTURAL AVIATION BOARD, May 8, 2001, 36 pages

PEER reviewed the Agricultural Aviation Board to determine whether it protects the public from the safety, health, environmental, and economic risks posed by the industry. The agency is deficient in the following areas:

- Because the board's written examinations for pilots and applicators do not fully comply with professional testing standards, the board cannot ensure that it is licensing individuals who can provide competent aerial commercial agricultural application services to the public.
- The board does not require documentation of its inspections of airplanes, equipment, or facilities used in agricultural aviation and thus cannot ensure that it conducts inspections effectively, uniformly, and consistently.
- The board does not impose penalties sufficient to deter and discipline violators. Also, the board has allowed its members to participate in penalty decisions involving their own companies.

In addition to the Agricultural Aviation Board, several other state and federal agencies have responsibilities in regulating agricultural aviation in Mississippi. Because some agencies' responsibilities overlap those of others, applicators and pilots are subject to the unnecessary effort and costs of duplicate

pilot examinations and inspections. Also, the division of responsibility between the Agricultural Aviation Board and the Bureau of Plant Industry based on the type of product applied (hormonal versus non-hormonal) creates confusion regarding enforcement authority. The duties and responsibilities of the Agricultural Aviation Board could be carried out by the Bureau of Plant Industry, which would eliminate the duplication between the two agencies and place responsibility in an agency with a more structured approach to regulation.

419. COST ANALYSIS OF HOUSING STATE INMATES IN REGIONAL AND PRIVATE CORRECTIONAL FACILITIES, July 10, 2001, 36 pages

Senate Bill 3123, Regular Session, 2001, mandated that the PEER Committee conduct a cost analysis of the necessary per diem, per inmate cost associated with housing state inmates at the state's ten regional correctional facilities and two of the state's five private correctional facilities. SB 3123 provided daily census guarantees that were to continue until the PEER Committee could determine whether a lower census would enable these facilities to meet necessary costs resulting from housing state inmates.

For the period reviewed, PEER found \$696,364 in unnecessary costs at the regional facilities. With these unnecessary costs removed, all regional facilities open as of October 1, 2000, will break even at an average daily census of 188 state inmates, below the 230 state inmates provided for in SB 3123 and thereby making the guaranteed censuses inoperative. With these unnecessary costs removed, the average per diem rate for the operational costs of housing state inmates is \$18.69. (The state's share of debt service costs must be added to this figure to determine the total per diem rate.)

For the period reviewed, PEER found no unnecessary costs at the two private facilities reviewed. The breakeven point for the Delta Correctional Facility is 843 inmates and 871 inmates for the Marshall County Correctional Facility. Both facilities break even at levels below the 900 inmates provided for in SB 3123, thereby making the guaranteed censuses inoperative. PEER notes that these are for-profit facilities and that the computed breakeven points include no profit margin. The amount of profit allowed is a policy question beyond the scope of the review.

420. A MANAGEMENT REVIEW OF THE MISSISSIPPI GAMING COMMISSION, July 10, 2001, 87 pages

When PEER first reviewed the Mississippi Gaming Commission (MGC) in 1996, the agency had begun licensing gaming establishments before its regulatory infrastructure was fully in place to address the economic, criminal, social, and other risks of legalized gambling. MGC has since improved in some areas, such as increasing its efficiency in conducting criminal background checks of casino employees. However, five years after PEER's initial review, MGC still does not have all of the components in place to protect the public effectively from the risks of legalized gambling.

The agency still issues work permits to employees before completing background checks and does not conduct thorough financial investigations of corporations applying to provide services in the gaming industry. Although MGC has established a routine compliance review program to determine whether casinos comply with internal control standards for safeguarding revenues, due to delays in implementation MGC has not yet conducted full compliance reviews of 12 of the state's 30 casinos.

The Enforcement Division has not developed a casino inspection program that specifies a checklist of steps that enforcement agents should routinely take to ensure that games are conducted in accordance with state law and MGC regulations. Also, MGC's enforcement agent training program does not ensure that agents have the necessary knowledge and skills.

Concerning oversight and control of electronic gaming devices, MGC does not thoroughly document the steps that it takes to approve electronic gaming devices and their modifications. Thus PEER could not verify whether the approval process is adequate to ensure that the devices comply with legal requirements (e.g., eighty percent minimum payout). Also, MGC does not test an adequate sample of proposed device modifications or provide adequate oversight through statistical analysis and machine verification checks.

MGC should establish criteria for each of its functional tasks through means such as analytical plans, checklists, audit steps, and a training manual; the agency should document its work to help ensure thoroughness and consistency through maintaining workpapers, inventories, and databases; and it should implement and comply with existing standards and mandates (e.g., federal regulations, state law, and its own policies and procedures).

421. SUMMARIES OF PEER REPORTS 1973-PRESENT, August 31, 2001, 111 pages

422. A REVIEW OF THE BROOKHAVEN JUVENILE REHABILITATION FACILITY, September 11, 2001, 52 pages

PEER reviewed the management and operation of the Brookhaven Juvenile Rehabilitation Facility's start-up and operational costs and whether the facility's programs are meeting the needs

of the intended client population: mentally retarded juvenile offenders ordered by Youth Court to enter the facility.

The Brookhaven Juvenile Rehabilitation Facility (BJRF), which began accepting clients in July 1999, was designed, constructed, and equipped appropriately to provide a "secure and therapeutic environment" for its special needs clients. However, the Department of Mental Health exceeded its statutory construction authorization of \$5.5 million when building BJRF. A warehouse and director's residence not in the original plan added \$1 million to construction costs, for a total of \$9.2 million.

Admission practices at BJRF are not in keeping with statutory requirements, since thirty percent of the clients are transferred to this specialized facility from other Department of Mental Health facilities without a Youth Court order. This reduces the number of beds available for the special needs juveniles for whom the facility was created. Moreover, BJRF has not yet admitted any females, thereby denying this resource to a significant portion of eligible juvenile offenders.

The Department of Mental Health has, in effect, discouraged treatment of violent offenders at BJRF. Although the staff was not completely prepared to deal with aggressive behavior of clients during the first two years of operation, current staff and staff training are adequate for the current clients. Security is adequate, but needs re-thinking for the intended clientele. Program implementation problems center on a failure to carry out the positive reinforcement behavior modification treatments in a uniform manner and disagreements over the proper role and form of discipline in client behavior change.

423. A REVIEW OF THE VETERANS AFFAIRS BOARD'S FUNDING OF STATE VETERANS' HOMES, September 11, 2001, 36 pages

The Legislature established the state veterans' homes, operated by the State Veterans Affairs Board (VAB), to be self-supporting. When VAB sought authority for creation of the four veterans' homes, VAB told the Legislature that, aside from one-time state general fund appropriations necessary to start up each of the homes, the homes' operations costs would be funded entirely through non-state sources (e.g., federal funds and resident charges). However, VAB's reliance on state general funds for the homes increased to \$2.8 million in FY 2001 and VAB continues to increase its requests for state funds. However, VAB has not fully implemented recommendations PEER made in May 2000 to maximize efficiency in operation of the homes and to maximize non-state revenues funding the homes.

VAB has followed some of PEER's May 2000 recommendations, including terminating payments for resident hospital costs (which could have led to significant costs in the event of catastrophic illness of an uninsured resident). However, VAB has not followed other recommendations, because it continues to employ non-nursing staff at a rate greater than that for comparably sized nursing homes in the state and it also continues to pay the nursing home management company for nursing hours not received.

During the 2000 Regular Session, the Legislature amended state law to allow the Veterans Affairs Board to be solely responsible for the operation and maintenance of the state veterans' home located in Collins, Mississippi, beginning July 1, 2000. The law stated that VAB's mission in managing the Collins facility is to provide care for veterans "in the most cost efficient manner." However, a nine percent increase in costs per resident day for the Collins home during FY 2001 indicates that VAB did not fulfill

its goal to operate the home more efficiently than did the private management company.

424. A REVIEW OF THE COMMERCIAL MOBILE RADIO SERVICES BOARD, October 9, 2001, 48 pages

In 1998, the Legislature created the Commercial Mobile Radio Services (CMRS) Board to oversee the collection and distribution of a monthly \$1 surcharge on every Mississippi wireless telephone user's bill. The surcharge was intended under state law to provide emergency telephone service to comply with a Federal Communications Commission order requiring phased-in access to Enhanced 911 (E911) for users of wireless telephones. E911 systems provide a caller's telephone number and location to emergency dispatchers.

In FY 2001, the CMRS Board collected \$8.8 million in surcharge funds. By statute, seventy percent of the funds collected by the board goes to county emergency communications districts to provide E911 equipment, facilities, and staff. Approximately twenty-eight percent is allocated to reimburse wireless providers' costs of providing E911 equipment and service.

Because the CMRS Board lacks express statutory authority to audit wireless providers, oversee county emergency communication district spending, and effectively coordinate provider implementation, the board does not have the tools necessary to implement an effective wireless E911 system in Mississippi. The CMRS Board cannot verify and enforce accurate collections from providers and payments to the emergency communication districts. The lack of spending guidelines allows the possibility that districts may spend money for purposes unrelated to delivery of wireless E911 service. Also, the board lacks data on provider status and district capability in delivering wireless E911 service.

425. STATE AGENCIES' USE OF CELLULAR TELEPHONES, November 13, 2001, 34 pages

PEER surveyed state agencies regarding their procurement and use of cellular telephones. State agency respondents reported a total of 3,441 cell phones with active calling plans. These agencies reported spending approximately \$2 million per year during each of the last two fiscal years on cell phone equipment and use.

Individual agencies make their own decisions on equipment and calling plans and have a broad range of choices when making these decisions. The state's interest in efficient and prudent use of cell phones is protected only insofar as each agency shows diligence and concern for protecting that interest. No state-level controls or policies specifically outline standards of need or appropriate use of state-owned cell phones.

Cellular telephones, pagers, two-way radios, and other emerging forms of wireless communication are resources that agencies should manage proactively. PEER recommends that the Department of Information Technology Services establish general policies for agencies to assess need prior to establishing service for cell phones or other forms of wireless communication. Agencies should balance their needs against what is available through the marketplace and make informed choices on this use of state funds.

PEER also recommends that the Department of Information Technology Services develop a single or limited number of contracts in an attempt to reduce service plan costs, considering whether it is appropriate to establish a state contract rate or procure plans on the basis of bids. The department should also develop a use policy for agencies for all forms of wireless communication that, at a minimum, restricts personal use to emergencies and requires a telephone log for personnel not directly involved in providing public health or safety services.

426. A REVIEW OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM'S DISABILITY DETERMINATION PROCESS, November 15, 2001, 71 pages

The Public Employees' Retirement System (PERS) serves over 150,000 state and local government employees in Mississippi. PERS provides regular service benefits and disability benefits to qualified applicants. State law provides three mechanisms by which PERS may make initial disability determinations: through a medical board, through the Social Security Administration (SSA), or through contracting with another governmental or non-governmental entity to make determinations. The PERS Board currently requires that a medical board appointed by the PERS Board make all PERS disability determinations.

PEER compared PERS's and SSA's disability determination processes to determine whether it would be advisable for the state to rely on the SSA's process as the sole and final determinant of disability for PERS members or whether PERS should continue to make its own disability determinations.

Because both PERS's and SSA's processes have weaknesses, neither option emerges as clearly superior. However, by leaving the determination process at PERS, the Legislature could mandate and oversee implementation of improvements to the process, which it could not do with SSA. Also, moving the process to SSA would require adopting SSA's definition of disability, a tougher standard than the current definition of disability contained in state law. PEER outlines the steps that should be taken under each option to increase the objectivity, fairness, and consistency of the disability determination process.

427. COST OF ISSUANCE EXPENSES OF CY 2000 LOCAL AND STATE BOND ISSUES, November 13, 2001, 257 pages

This report is primarily designed to be a source of information for legislators regarding issuance costs of local and state bonds. PEER surveyed local entities and obtained information from the Department of Finance and Administration's Bond Advisory Division's Annual Report in order to determine costs associated with the issuance of Calendar Year (CY) 2000 local and state bonds. According to the self-reported and unaudited data obtained from these sources, local and state entities spent a total of \$15.1 million to issue \$2.8 billion in bonds during CY 2000 (\$5.40 per \$1,000 of bonds issued). The issuance costs per \$1,000 of bonds issued ranged from \$3.32 to \$116.44 for local issues and from \$0.17 to \$40.12 for state issues.

The report also includes a brief discussion of possible methods of controlling bond issuance costs, including establishment and enforcement of caps on costs, oversight of costs of professional advisory services, and establishment of bond banks and a central agency for overseeing local debt issuance.

428. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2001 COST PER INMATE DAY, December 12, 2001, 22 pages

For Fiscal Year 2001, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$45.91, including debt service for a facility. FY 2001 costs per inmate day for individual security classifications were as follows: minimum security, \$38.71; medium security, \$42.93; and maximum security, \$66.62. MDOC's FY 2001 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility

were \$55.00 for medium security and \$70.10 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When the Department of Corrections negotiates an annual per inmate per diem for contract payments to private prisons, the department should subtract from the certified state cost per inmate day the costs borne solely by the state (i.e., debt service; records, inmate classification, and offender services; and parole board costs) and negotiators should give due consideration to reducing other costs (i.e., medical, administrative services, and education and training). PEER believes that private prison contracts could yield savings significantly above the ten percent required by state law. The report includes a schedule of considerations for private prison contract negotiations.

429. THE BUREAU OF BUILDING'S MANAGEMENT OF CONSTRUCTION CHANGE ORDERS, May 14, 2002, 40 pages

The Department of Finance and Administration's Bureau of Building, Grounds, and Real Property Management is responsible for the construction, repair, and renovation of most state buildings. PEER reviewed the bureau's selection of the architectural and engineering contract professionals who assist in construction project management. PEER also reviewed the bureau's management of project change orders, which are the legal agreements to alter the work set forth in original construction contracts.

Because the bureau usually compensates the general contractor for change orders without a competitive bidding process, the bureau should scrutinize change orders and ensure that they protect the state's interest. However, the bureau's oversight of change orders is incomplete, inconsistent, and fails to assure that cost changes to building construction projects are reasonable. PEER found that the bureau:

- does not ensure consistent use of pre-determined selection criteria in selecting contract professionals nor does it ensure documentation of the basis of contract awards;
- does not contractually require its contract professionals to analyze the reasonableness of change order costs;
- has not developed an internal oversight process for analyzing the costs of change orders presented by contract professionals; and,
- has not developed an information system for managing change order and contract evaluation data for future decisionmaking.

430. A REVIEW OF COUNTY INFORMATION SYSTEMS, June 4, 2002, 53 pages

As technology has provided the tools for easily sharing information across geographic and political boundaries, corresponding opportunities have emerged for using the information generated to meet the accountability and access needs of state and local administrators. Taking advantage of such opportunities is limited in Mississippi because current county information systems are a mixture of varying computer operating systems, most with limited ability to meet state information needs in communication and sharing of information resources. State entities and

citizens have voiced concerns over the availability and utility of information maintained by county governments.

State agency efforts to implement state/local systems have met with limited success, largely dependent on the degree to which standards were mandated and enforceable and the quality of system design. Similarly, citizen electronic access to public information maintained by the counties is limited due to availability of automated records and non-uniformity in methods of access. Currently, in order to obtain public information, a citizen or state user would have to travel to each county courthouse and try to make sense of a computer system that houses the information, or manually look up information in books.

Pressing needs exist to develop additional state-local systems to provide timely, accurate, and accessible information, which meet minimal communication/processing standards. County and state cooperation is needed to realize economies of scale in developing statewide information and telecommunications systems.

To govern such development, the Legislature should create a Statewide Task Force to be responsible for assessing needs, developing policy and standards for development, formulating funding strategies and providing advice to the Mississippi Department of Information Technology Services (ITS). ITS should be responsible for the central oversight and coordination to guide development of systems to assure user-friendly accessibility, accuracy, and utility of the information captured, and to improve the economy of local system development and implementation by developing and hosting shared information resources.

431. A REVIEW OF ADMINISTRATIVE EXPENDITURES AND SELECTED ADMINISTRATIVE FUNCTIONS OF MISSISSIPPI'S DIVISION OF MEDICAID, June 24, 2002, 95 pages

Mississippi's Medicaid program, as administered by the Office of the Governor Division of Medicaid (DOM), provides a broad range of health related services to low-income individuals who fall into certain categories (primarily elderly, blind, disabled, pregnant women, and children). In FY 2001, 650,000 Mississippians were enrolled in the state's Medicaid program at a general fund cost of \$221 million (6% of the state's total general fund expenditures of \$3.5 billion).

In FY 2002, Mississippi's Medicaid program began experiencing budget problems, affected by increases in both health care costs and enrollment. DOM projects an unprecedented growth rate in expenditures of 25% in FY 2002. The Division also projects a FY 2003 general fund shortfall of \$120 million, even after DOM implements legislatively mandated cost saving measures enacted earlier this year that DOM asserts will save \$54.8 million in general funds.

PEER's review of DOM administrative expenditures and selected administrative functions identified an additional \$86.7 million in potential general fund savings which could further reduce DOM's projected FY 2003 general fund shortfall. The largest component of the potential cost savings, \$73 million, results from using DOM's statistically projected FY 2003 expenditure growth rate of 9.7% rather than the Division's revised and inflated FY 2003 growth rate of 22.5%.

The second largest component of the potential cost savings, \$7.7 million, results from savings related to contractual services. PEER determined that DOM does not consistently follow the elements of effective contracting, resulting in higher than necessary costs for services and possible compromises to

service quality. These deficiencies resulted in DOM contracting for services that can be performed more efficiently in-house; paying significantly more than other states for the same services; and contracting for a service that was already being performed by other entities.

PEER also determined that the Medicaid eligibility determination process followed by DOM and the Department of Human Services is inadequate. PEER staff estimates that DOM could save \$6 million in general funds for every 1% reduction in the number of ineligible Medicaid recipients on the rolls.

432. HEALTH AND SAFETY ISSUES AT THE OAKLEY AND COLUMBIA YOUTH TRAINING SCHOOLS, May 14, 2002, 36 pages

The PEER Committee reviewed complaints related to health and safety issues at the Oakley and Columbia Youth Training Schools operated by the Division of Youth Services (DYS) of the Mississippi Department of Human Services (DHS). There were nine complaints involving four broad areas in the administration of services: access to medical care, medical supervision, special medical needs, and preventing abuse of juveniles. In these areas, actual practices at the Columbia and Oakley juvenile facilities promote health and safety. However, uniformity of program operations suffers due to the absence of formal policies and procedures to govern critical components of care.

PEER found that although the training schools have qualified health professionals available (medical, dental, mental health), the facilities are not meeting health requirements and/or minimum standards in the areas of medical staff shift coverage and dental services. The facilities also lack policies and procedures governing medical authority to ensure proper medical supervision of youth detained in the facilities. Because the facilities have not

formally designated their physicians as the medical authority, it is possible for a juvenile's health needs to go unaddressed. Qualified health-trained professionals address special needs of training school youth at both facilities; however, lack of coordination and supervision of treatment plans allow mainly dental and drug treatment needs to go unmet.

Other policy areas such as those prohibiting sexual abuse, harassment, or contact are generally effective in preventing sexual misconduct. However, the practices of low staffing in student residences and no pre-service orientation on treatment topics put both students and staff at risk for misconduct.

Despite these specific shortcomings, staff and administrators have taken numerous measures to ensure the health and safety of students. The training schools have a major disconnect between policies and practice. However, there are many more cases of no written policy but actual practice approaching or realizing the performance standards than there are of written policy but no practice, or of the institutions having neither policy nor practice.

433. A SURVEY OF MISSISSIPPI ADEQUATE EDUCATION PROGRAM REVENUES AND SELECTED EXPENDITURES, June 4, 2002, 28 pages

For FYs 1998-02, the Mississippi Legislature established a five-year interim phase-in of the Mississippi Adequate Education Program (MAEP) in order to address local educational funding inequities among the state's public school districts. The program's purpose was to ensure that every school district, regardless of geographic location, would have sufficient funding to provide every student with a minimum adequate education, as defined by the Mississippi Department of Education (MDE). Beginning July 1, 2002, MAEP and its block grant funding approach will replace the state's Minimum Foundation

Program, which has been the state's major funding program for public education since the early 1950s.

PEER determined that the state provided approximately \$314.5 million to the public school districts for MAEP capital improvements, technology, instructional needs, and program managers during FYs 1998-02. In a PEER survey, the school districts reported spending at least \$45.6 million in MAEP funds on 263 firms or individuals providing professional or technical services in 31 service categories from July 1, 1997, through October 31, 2001. Some of these MAEP service providers received approximately \$21.2 million in additional public education funds for services provided to other district programs during this same period.

PEER could not determine school district compliance with their MDE-approved MAEP plans because the financial accounting system allowed some MAEP funds to be co-mingled with other school district funds and did not record MAEP expenditures with a statutory spending authority code. As a result, no annual financial management report could be produced to summarize MAEP receipts and expenditures for program performance management or auditing.

Without commenting on the wisdom of a public policy that allows local districts to carry over state funds, such a policy raises serious questions regarding whether or not the Mississippi Board of Education could authorize a local school board to carry over MAEP funds from FY 2002 to FY 2003 since the interim phase of MAEP terminates, effective July 1, 2002.

434. A REVIEW OF THE MISSISSIPPI COMMISSION ON JUDICIAL PERFORMANCE, June 4, 2002, 28 pages

The Mississippi Commission on Judicial Performance is responsible for investigating complaints about a judge's

conduct; determining whether a judge has committed misconduct or is disabled; assisting judges who have committed minor ethical violations to change their behavior; imposing or recommending discipline, if appropriate, against a judge who violates ethical standards; and, when necessary, securing the removal of a judge from office.

Despite the absence of comprehensive policies and procedures, the Commission's process for collecting and evaluating evidence provides an equitable and unbiased method of regulating judicial conduct.

The processes for complaint intake and assessment offer open access to file a complaint and opportunity for the complaint's merits to be reviewed. The Commission's judicial process assures that it uses established, unbiased guidelines. Also, facts requiring action of the Commission are established through procedures for gathering clear and convincing evidence. The Commission also has defined guidelines in place for rendering informal commission actions and private admonishments for less serious misconduct violations.

PEER observed minor weaknesses in the Commission's investigative process concerning the absence of a comprehensive set of formal policies and procedures and methods of record keeping. However, the identified weaknesses do not threaten the integrity of decisionmaking or the Commission's ability to perform its regulatory duties. PEER also found minor weaknesses in the Commission's ability to perform its support functions because of the absence of policies and procedures to govern activities within its administrative process.

435. SUMMARIES OF PEER REPORTS 1973-PRESENT, October 10, 2002, 169 pages

436. A REVIEW OF THE MISSISSIPPI ADEQUATE EDUCATION PROGRAM FUNDING PROCESS, December 3, 2002, 28 pages

PEER sought to determine whether the Mississippi Adequate Education Program (MAEP) funding process produces a reasonable computation of the amount of funding each school district needs to provide an "adequate education" (defined in MISS. CODE ANN. Section 37-151-5 [1972] as meeting the State Department of Education's Level 3 accreditation standards).

The MAEP funding formula requires that the Mississippi Department of Education (MDE) first select representative school districts based on six factors, including the district's accreditation level (districts included in the evaluation must be Level 3). MDE then calculates the base student cost of the representative Level 3 districts using instructional, administrative, operation and maintenance of plant, and ancillary cost components. To be included in the averaging of costs, a district must be within one standard deviation of the mean for the applicable cost component. Finally, to compute district allocations, MDE multiplies the base student cost by the district's average daily attendance and makes adjustments for the number of at-risk students, the local millage contribution, and add-on programs such as transportation and special education.

With the information it has had available, the Department of Education has implemented a method of selecting districts and analyzing costs that produces a reasonable computation of the amount of funding each school district needs to provide an "adequate education." The formula does not account for school district efficiency, a factor that could, over the long term, affect funding levels. The formula does not allow for unusual growth or loss in districts' enrollments. Also, neither state law nor departmental regulations require an accountability mechanism to ensure that at-risk funds added to district

allocations are actually targeted for the at-risk student population.

437. AN ACCOUNTABILITY ASSESSMENT OF PUBLIC FUNDS PAID TO SELECTED ASSOCIATIONS FOR MEMBERSHIP DUES, December 3, 2002, 12 pages

PEER sought to determine whether private nonprofit associations receiving public monies through membership dues publicly disclose their expenditures by funding source.

While state law authorizes the use of public funds to pay the dues of public officials and employees for membership in various private, nonprofit associations, no law requires the associations to maintain a separate record of how they expend public source funds. The private nonprofit associations PEER surveyed do not segregate expenditures by funding source. The absence of expenditure information by funding source limits external oversight of expenditures by the public.

PEER recommends that the Legislature require nonprofit associations to maintain accounting records that segregate the receipt of public funds and accurately reflect the expenditure of all funds received from public sources, reporting every expenditure by major object.

438. 2002 COST ANALYSIS OF HOUSING INMATES IN REGIONAL CORRECTIONAL FACILITIES, December 3, 2002, 31 pages

Senate Bill 3163, Regular Session 2002, mandated that the PEER Committee conduct a cost analysis to determine the necessary per diem, per inmate cost at the state's regional facilities and establish a breakeven point for each facility. The average breakeven point for all facilities was 191. Currently, the Inmate Housing Agreement between the Department of Corrections and the

regional facilities guarantees 200 inmates.

For the period reviewed (October 1, 2001, through June 30, 2002), PEER found \$541,440 in costs that, if eliminated, would reduce the number of inmates required to break even at eight of the nine regional facilities. PEER determined that \$243,940 in attorneys' salaries and fees; \$158,400 in program and accreditation fees; and \$139,100 in payments to county sheriffs were above the reasonable level. With these costs removed, the regional facilities have an inmate breakeven point averaging 186.

439. A REVIEW OF THE PAT HARRISON WATERWAY DISTRICT'S MANAGEMENT OF ARCHUSA CREEK WATER PARK, December 3, 2002, 30 pages

PEER conducted this review in response to complaints about the Pat Harrison Waterway District's management of Archusa Creek Water Park, one of nine water parks under the district's oversight. Complainants alleged that the park was not getting its "fair share" of PHWD resources.

PEER sought to determine the sources of funding to the district and the method that the district uses to allocate funds to its programs. Most of PHWD's revenues come from ad valorem taxes collected from the member counties (approximately \$2 million in FY 2001) and park recreation fees (approximately \$1.9 million in FY 2001). Member counties also contribute to the district's debt retirement. PHWD personnel manage the district's programs as a regional resource, rather than on a by-park basis, and they allocate funds according to program priorities established by the board. Because PHWD manages the water parks as a regional resource and addresses emergencies, maintenance, and infrastructure on the basis of need, the district's process for distributing funds to the parks is "fair." PEER determined that PHWD could possibly devote more resources to the

parks by reducing its sizable cash reserve of \$2.3 million (as of FY 2001).

440. THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S MANAGEMENT OF CONSTRUCTION PROJECTS AT SELECTED STATE-OWNED BUILDINGS, December 17, 2002, 37 pages

PEER reviewed the Department of Finance and Administration's management of construction projects at four selected state-owned buildings: the Department of Archives and History Building, the Underwood Complex of the Department of Health, the Sillers Building, and the Woolfolk Building.

The department's Bureau of Building has not managed the construction projects at the four buildings in a manner that best protects the state's interest. The bureau's actions have contributed to additional costs of approximately \$10.8 million for change orders (an amount that could have been reduced with improved oversight), including \$192,690 for contracts for personal services that should have been provided through DFA's operations budget. These costs added approximately \$6 million in debt service for the state.

The bureau has not consistently controlled projects to ensure that they are delivered on time at the lowest possible cost. The Project Accounting and Tracking System cannot be used to measure planned versus actual construction performance due to system design deficiencies for financial and time information associated with individual construction projects. Also, the bureau compensates contractors for change orders in a manner that violates its own standard construction contract and rewards professionals for performance that unnecessarily increases project costs.

441. A REVIEW OF THE ADMINISTRATION OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM, December 17, 2002, 56 pages

The Public Employees' Retirement System's (PERS's) administrative expenses have risen during the last five fiscal years because of staffing increases to manage increased membership. However, PERS's salary cost per member is comparable to that of other states' retirement systems. Since 2000, PERS has spent \$1.56 million on capital improvement projects approved by the Legislature, including renovation of the PERS Building and purchase and renovation of a separate building.

Concerning accuracy of contribution collections, PERS has the fiduciary responsibility to employ reasonable means to ensure that information on members from public employer agencies is correct. While PERS has implemented certain controls, it has not complied with statutory requirements to collect members' Social Security information, which was intended to assure record accuracy. Also, while PERS must rely on the public employer agencies to submit correct employee information, PERS has not established a formal audit process for verifying employee records.

Regarding PERS's implementation of laws and regulations for selected employee groups, PEER found that PERS has complied with a Supreme Court ruling regarding the inclusion of travel expenses as compensation for Supreme Court justices and Court of Appeals judges. PERS has instituted a repayment schedule with a group of retirees that was overpaid \$1.7 million, but the entire amount will never be repaid due to the ages and income levels of the retirees. Also, PEER found that PERS does not have a surety bond in place, as required by statute, for the executive director, nor does it have any type of public official or surety bond for the members of the board of trustees.

Regarding investment performance, PERS's investment program has performed consistent with market conditions over the past ten years while utilizing prudent policies and procedures in pursuing the program's objectives.

442. STATE AGENCY FEES: FY 2001 COLLECTIONS AND POTENTIAL NEW FEE REVENUES, December 17, 2002, 241 pages

In response to a legislative request, the PEER Committee studied the fee structures of state agencies in Mississippi. The purpose was to determine the potential for additional fees for state services as a revenue source.

To form the basis for decisions on whether to establish or increase fees, PEER developed a Theory of Fee Setting in Government that includes the following steps:

- determine the beneficiary of the service (i.e., public, private, or mixed);
- determine sources of revenue for funding (i.e., taxes, user fees, or a combination);
- determine and analyze legal issues (e.g., statutory limits on fees);
- determine the purpose of the fees (e.g., to cover costs and/or influence behavior);
- assess factors influencing the level of fees (e.g., determine demand for service);
- identify cost data (e.g., minimize costs, measure direct and indirect costs); and,
- compute estimated fees.

PEER focused its review on forty-one executive agencies, judicial agencies, and agencies with boards that receive appropriations of state general funds.

The report includes a summary of potential new fees as well as an appendix with a detailed analysis of agency services or programs; expenditures by service or program; sources of funding; determination of benefit; and the method of fee calculation used.

The PEER Committee produced this report as a tool for decisionmaking. Specific decisions on whether to impose a fee as a revenue source are policy decisions for the agency and the Legislature. Future decisions regarding establishing new fees should be based on thorough and up-to-date information on costs and benefits of program services. The PEER Committee takes no position on the creation, raising, or reducing of the fees presented in this report.

443. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2002 COST PER INMATE DAY, December 17, 2002, 22 pages

For Fiscal Year 2002, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$45.45, including debt service for a facility. FY 2002 costs per inmate day for individual security classifications were as follows: minimum security, \$39.45; medium security, \$42.26; and maximum security, \$68.61. MDOC's FY 2002 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$54.03 for medium security and \$72.21 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the costs incurred by private prisons. PEER believes that private prison contracts could yield savings

significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

444. A REVIEW OF MISSISSIPPI'S PUBLIC TRUST TIDELANDS PROGRAM AND SELECTED AREAS OF OPERATION OF THE DEPARTMENT OF MARINE RESOURCES, January 6, 2003, 52 pages

In Mississippi, title to the tidelands is vested in the state in trust for the benefit of the people of Mississippi. The Secretary of State may lease tidelands to private parties and use a portion of the revenues derived from these leases to defray administrative costs associated with administering the tidelands program. The remaining funds are disbursed to the Commission of Marine Resources for programs of tidelands management, criteria for which are set in state law.

PEER found that the Department of Marine Resources approved \$781,000 in FY 2002 tidelands projects that did not meet the statutory criteria for use of tidelands funds and \$482,000 in FY 2002 projects that did not contain sufficient documentation to show whether they met the criteria for use of tidelands funds. Also, the department issued \$4.7 million to grant recipients without prior documentation of completed project work.

The Secretary of State's Office paid \$1,927 in tidelands funds during FY 2002 for administrative expenditures not related to the tidelands program. Also, the office should have allocated \$149,504 in expenditures between the tidelands programs and other programs.

In response to specific complaints regarding the Department of Marine Resources, PEER found that the department does not:

- collect fines for wetlands permit violations as authorized by state law;

- collect public notice fees from all individual permit applicants; or,

- routinely review actual public notice costs to ensure that fees cover costs.

Also, the department does not maintain complete usage records on its non-law enforcement vehicles. While not required by state law, such records are critical in documenting need.

445. A LIMITED REVIEW OF THE MISSISSIPPI ATHLETIC COMMISSION, May 13, 2003, 23 pages

In response to citizens' complaints, PEER conducted this review of the Mississippi Athletic Commission (MAC), which is responsible for regulating boxing, sparring and wrestling matches and exhibitions, "tough-man contests," and kickboxing competitions held in Mississippi.

From 1999 through 2002, for boxing events held at Mississippi casinos, the Athletic Commission collected revenues from boxing promoters for payment to boxing officials for overseeing events under the MAC's jurisdiction. State law does not give the MAC the authority to collect these revenues. The MAC's payment of cash to boxing officials at events held at Mississippi casinos provides opportunity for theft or misappropriation of funds. Also, the MAC's failure to report these cash payments to the proper authorities could have violated state and federal income reporting requirements and could make the commission liable for penalties.

At an event attended by PEER staff, Athletic Commission officials did not monitor ticket sales in a manner that would ensure accuracy of the calculation of the MAC's share of gross receipts. The MAC's procedures allow the opportunity for a promoter or host facility to reduce the amount owed to the MAC by not turning in all of the ticket stubs.

The Athletic Commission does not fulfill its statutorily mandated responsibilities to oversee tough-man contests and kickboxing events. The commission oversees the same type of events in Alabama because that state does not have a regulatory body to oversee boxing and wrestling events; however, the MAC has no Mississippi statutory authority to regulate events in other states.

Finally, the Athletic Commission does not have written, operationally defined criteria for issuing licenses to promoters, referees, and judges and does not file its rules and regulations with the Office of the Secretary of State as required by state law. Because state law provides that an agency that does not properly file its rules as set forth in state law may not use its rules as a basis for revoking a license or penalizing a person who fails to comply with the rules, the MAC could face a legal challenge if it chose to revoke the license of or penalize a boxing official.

446. AN EXPENDITURE REVIEW OF THE GOLDEN TRIANGLE PLANNING AND DEVELOPMENT DISTRICT, June 10, 2003, 54 pages

The Golden Triangle Planning and Development District (GTPDD) was incorporated in June 1972 as a private nonprofit civic improvement corporation. GTPDD currently provides programs and services for economic development, community planning, and social services, which include aging, child care, and workforce investment programs that are funded from federal, state, local, and other sources. Fiscal Year 2002 revenues totaled \$14,161,224 and expenditures totaled \$13,270,649.

GTPDD does not base requests for local contributions on comprehensive and timely expenditure or service needs data. The GTPDD also does not provide contributing localities with full access to

financial information (e.g., copies of the corporation's records or details on use of funds). The GTPDD Board has adopted a resolution that restricts corporation members' access to district information. This restriction violates MISS. CODE ANN. Section 79-11-285, which allows members to inspect and copy financial information and inhibits local efforts to make informed decisions on the use of resources.

In fiscal years 2001 and 2002, GTPDD's inexact method of requesting local funds contributed to collection of local revenues in excess of expenditures of \$147,789. These funds could have been used by the localities to pay for other local programs. The collection of local funds occurred during a period of increasing "unrestricted" cash balances. GTPDD's unrestricted cash balances (not restricted by outside parties and available to be spent for programs or operations as determined by the staff or board) increased from \$772,240 in FY 1996 to \$3.1 million in FY 2002 (307%). Revenues in excess of expenditures of \$1,475,023 in the Operating Fund in FY 2001 and 2002 included bingo funds, Medicaid Waiver program funds, and local contributions from cities and counties.

447. A MANAGEMENT REVIEW OF THE CHICKASAWHAY NATURAL GAS DISTRICT, July 8, 2003, 68 pages

PEER assessed the Chickasawhay Natural Gas District's (CNGD's) financial viability to support operational and long-term system requirements, the reasonableness of its prices relative to those of similar gas operations in Mississippi, its financial management and inventory internal controls, and its compliance with state statutes.

The rates that the CNGD charges its customers play a major role in the district's financial viability. However, the district does not adjust residential and commercial customers' rates on a monthly basis to reflect changes in the district's costs of natural gas. Also, the district's rates may not be competitive; the CNGD's residential and commercial rates are high in comparison to those charged by two municipal natural gas districts and one privately held natural gas utility that use the same gas pipeline supplier and customer pricing methodology. The CNGD's cash has declined since FY 1995, due primarily to use of part of its cash reserve for capital expenditures. The district's decreasing profitability has also negatively affected its cash and financial positions.

Deficiencies in the CNGD's management have prevented the district from operating at its maximum level of efficiency. The board does not use standard business practices to manage its administrative functions and assets, nor does it use basic accounting controls to detect and prevent misappropriation of cash. The district's practice of providing extra compensation to the members of its board who are local mayors creates an unnecessary expense. Also, CNGD's recent practice of selling gas appliances to customers (without statutory authority) caused extra expense to the district because it did not establish adequate financial management controls over these sales, allowing some customers to receive appliances without paying for them. The district also exercised little control over its appliance inventory.

Concerning compliance with state law, the CNGD's Board of Directors and district staff have not complied with applicable state laws regarding distribution of revenues, purchasing, ethics, and public trust.

448. AN EXPENDITURE REVIEW OF THE EAST CENTRAL PLANNING AND DEVELOPMENT DISTRICT, July 8, 2003, 44 pages

The East Central Planning and Development District (ECPDD) was incorporated in May 1968 as a nonprofit, nonshare, civic improvement corporation serving citizens in Clarke, Jasper, Kemper, Lauderdale, Leake, Neshoba, Newton, Scott, and Smith counties. The ECPDD provides programs and services for economic development, community planning, and social services, which include aging, child care, and workforce investment programs. The district's FY 2001 revenues totaled \$8,023,458 and expenditures totaled \$7,787,152.

The ECPDD does not base its requests for local contributions on comprehensive and timely expenditure or service needs data. The ECPDD's bylaws do not set forth a methodology for calculating localities' contributions and the district has no procedure manual that includes this information. The district does not routinely review contribution requests to determine whether it should adjust these amounts annually. Also, local decision-making on use of resources is inhibited because the ECPDD does not provide the local governments information upon which the request amount is based or information on how the contribution will be applied to match federal dollars.

449. A SURVEY OF COST OF ISSUANCE EXPENSES OF CY 2002 LOCAL BOND ISSUES, July 8, 2003, 28 pages

Local entities in Mississippi issued approximately \$533 million in bonds during calendar year 2002. This report is designed to be a source of information for legislators regarding issuance costs of local bonds. PEER surveyed local entities (e.g., counties, municipalities, school boards) in order to determine costs associated with the issuance of Calendar Year 2002 local bonds. PEER

did not verify the accuracy of the information submitted by local entities. This report contains no conclusions or recommendations.

450. SUMMARIES OF PEER REPORTS 1973-PRESENT, September 12, 2003, 175 pages

451. A REVIEW OF ALCORN STATE UNIVERSITY'S PROVISION OF UTILITIES TO PRIVATE RESIDENCES, October 7, 2003, 35 pages

In 1952, due to its rural location and limited natural gas services in the area, Alcorn State University (ASU) sought and was granted authority from the Board of Trustees of Institutions of Higher Learning (IHL Board) to install a pipeline to connect to an existing well head on campus. The pipeline is the only source of supply of natural gas for the operations of the university. Subsequently, in order to attract faculty, the university sought authority to allow faculty in private residences to connect to the university's gas and water systems. In 1968, the IHL Board granted authority allowing privately owned ASU faculty houses to connect to the water and gas lines of the university.

Alcorn State University has since exceeded the authority granted to it by the IHL Board by providing utility services to unauthorized individuals. Of the sixteen private property owners receiving utility services from ASU, only three are active faculty members according to the IHL Board's definition of faculty. ASU has also provided unauthorized services to these individuals. Whereas the IHL Board's order gave authority to tie in to the gas and water lines, ASU has also provided cable television and garbage collection services to these residents.

Alcorn State University does not assure that its utility charges are reasonable in terms of recovering the "full" cost of utilities and services. ASU has not ensured that faculty and staff living in private residences receiving water and natural gas through the university are metered and billed according to the actual units of service used. The university also has not maintained records to reflect the reasons or justification of monthly charges and the method used in determining proposed monthly charges for utility services.

ASU also has not properly managed its utility billing and collection system, resulting in uncollected accounts and loss of revenues.

452. A REVIEW OF THE BOARD OF CHIROPRACTIC EXAMINERS, October 7, 2003, 16 pages

PEER sought to determine whether Mississippi needs a Board of Chiropractic Examiners and what the board's responsibilities are in regulating the practice of chiropractic. PEER also reviewed whether the board's licensing process provides assurance of competency of professionals and whether the board fairly and consistently enforces regulatory requirements.

Risk factors associated with the chiropractic profession create a need for state government to protect the public. The State Board of Chiropractic Examiners, if it fulfills its function properly, should diminish or eliminate the profession's potential risk to the public. The board's responsibilities in regulating the practice of chiropractic consist of licensing professionals and enforcing applicable laws and regulations.

The board's licensing process does provide assurance of competency of professionals. Through the use of a national licensure examination and continuing education requirements, the board assures the competency of practitioners. However, the board has not developed and validated its state jurisprudence exam in accordance with accepted test construction standards.

Concerning whether the board fairly and consistently enforces regulatory requirements, PEER determined that the board does not because of its insufficient complaint recordkeeping and tracking process and its reliance on informal methods to sanction noncompliant practitioners.

453. A REVIEW OF THE MISSISSIPPI EMPLOYMENT SECURITY COMMISSION'S IMPLEMENTATION OF FISCAL YEAR 2003 SALARY REALIGNMENTS, October 7, 2003, 12 pages

The PEER Committee reviewed the salary survey process used to establish salary ranges of positions within the Mississippi Employment Security Commission (MESC) and the agency's compliance with legislative mandates and State Personnel Board (SPB) regulations in the determination of FY 2003 salary increases. This project stemmed from questions from an MESC employee regarding the salary realignments that occurred in FY 2003. The complainant had concerns regarding the methodology for developing the percentage realignments for positions within MESC.

PEER found that MESC based the salary realignments implemented in January 2003 on SPB's standard survey practice and implemented them in accordance with SPB's regulations and legislative mandates. SPB developed the FY 2003 realignment recommendations for MESC positions based on data

gathered through its annual salary survey process in accordance with standard survey practice. Thus MESC complied with SPB-developed and legislatively approved realignments for FY 2003.

454. A REVIEW OF THE TOMBIGBEE RIVER VALLEY WATER MANAGEMENT DISTRICT, November 6, 2003, 36 pages

The Mississippi Legislature created the Tombigbee River Valley Water Management District (TRVWMD) in 1962, granting it broad discretionary authority to utilize, develop, conserve, and regulate the waters of the Tombigbee River, its tributaries, and its overflow waters for a wide array of purposes including, but not limited to, flood control, recreational uses, and economic development. State law grants the district broad powers such as the authority to acquire property by eminent domain necessary to projects, build dams and reservoirs, relocate roads and highways, market bonds, and construct facilities necessary to a project.

The TRVWMD is serving two primary purposes--flood control and development of water-related resources to promote economic development--within its very broad discretionary statutory authority. While the district's internal and external evaluations state that the TRVWMD is doing a good job of carrying out these projects, none of the evaluations include true outcome measures. PEER recommends that the TRVWMD develop outcome measures showing the direct effects of the district's efforts for each of its programs. For example, the district could measure the effectiveness of its flood control program by tracking the number of homes and amount of acreage flooded in areas affected by its projects.

Regarding whether there is a need for the TRVWMD, a governmental entity is needed to address the risk of flooding and insufficient water resources available for public consumption and economic

development needs in the Tombigbee River Basin of Mississippi. The TRVWMD has a river basin perspective on both sets of needs and a minimum mandatory ad valorem tax revenue base to meet needs. Other entities could perform the functions the TRVWMD performs, but would not have the regional focus and interests of the district.

455. A REVIEW OF THE BOARD OF COSMETOLOGY, November 6, 2003, 51 pages

The Legislature established the Board of Cosmetology in 1948 to regulate schools, salons, and individuals engaged in the teaching, demonstration, and practices of cosmetology and related professions. State law authorizes the board to regulate these professions through making rules and regulations; establishing curricula for schools; issuing licenses; and enforcing laws, rules, and regulations.

Risk factors associated with the practice of cosmetology create a need for state government to protect the public. The Mississippi State Board of Cosmetology, if it fulfills its regulatory functions (i.e., licensure and enforcement) properly, should diminish the profession's risk to the public.

Concerning the board's licensure of practitioners, although the Board of Cosmetology uses a national examination that has been validated, its state law and practical examinations have not. Thus even though the board has relied on its considerable collective experience in designing the state and practical examinations, without professional validation the board cannot assure that these tests measure the knowledge, skills, and abilities necessary to the competent practice of cosmetology. Also, concerning the board's licensing of practitioners licensed in other states who seek to practice in Mississippi, the board's process is unnecessarily burdensome, could result in arbitrary

decisions, and could dissuade competent individuals from seeking licensure.

Concerning the board's enforcement, the Board of Cosmetology has the inspection and complaint handling systems in place to enforce the state's laws, rules, and regulations related to cosmetology, but it does not use all of these tools to the greatest extent possible, thus weakening its enforcement effectiveness.

PEER also addressed the issue of regulation of cosmetologists and barbers in Mississippi by two separate boards. The overlap in the scope of practice regulated by the Board of Cosmetology and the Board of Barber Examiners is significant and makes differentiating between the jurisdictions of the two boards difficult. The consuming public could easily be confused as to which board to contact with complaints.

456. A REVIEW OF THE LEGALITY OF THE CHANCERY COURT ORDER DIRECTING ANNUAL PAYMENTS OF TWENTY MILLION DOLLARS IN PERPETUITY TO THE PARTNERSHIP FOR A HEALTHY MISSISSIPPI, November 6, 2003, 12 pages

On October 17, 1997, the tobacco companies finalized a settlement agreement with the State of Mississippi. As part of the settlement, the tobacco companies agreed to make annual payments to the state according to a specified formula that takes into account inflation and the volume of domestic tobacco product sales. The payments are to be made to the state "in perpetuity" (i.e., until the tobacco companies cease to exist or in the event the settlement is modified). Subsequent to the settlement agreement, the Legislature created the Health Care Trust Fund to receive funds from the settlement agreement.

The agreement included a supplemental provision for a separate \$61.8 million to support and fund a youth tobacco cessation pilot program. In June 1998, the Jackson County Chancery Court approved the pilot program and delegated its administration to the Partnership for a Healthy Mississippi, a non-profit corporation primarily concerned with smoking cessation programs. In December 2000, the Jackson County Chancery Court ordered continued annual funding for the partnership, directing \$20 million from tobacco settlement payments each year.

After reviewing the December 2000 court order, PEER concluded that the order is not in compliance with state law. Although state law provided that cessation programs could be funded by legislative appropriation of trust fund monies, the court order directs funds to the partnership rather than through the legislative appropriation process. Thus \$20 million deposited annually to the partnership's credit will generally not be subject to the controls and oversight placed on all other funds that are received by the state and its agencies and subdivisions.

Also, the portion of the court order funding substance abuse programs is not in compliance with the statute because MISS. CODE ANN. Section 43-13-405 (1972) does not specifically provide that trust fund monies may be used to fund substance abuse programs.

457. A LIMITED REVIEW OF THE MISSISSIPPI WORKERS' COMPENSATION COMMISSION, November 18, 2003, 36 pages

The Workers' Compensation Commission is somewhat unique in Mississippi state government in that its three commissioners work full time and are actively involved in the agency's operations. The nature of this structure

and the chairman's and commission's insufficient management oversight have resulted in the problems described within this report.

For the last three calendar years, one Workers' Compensation commissioner has been absent from MWCC offices more often than the other two commissioners, attending conferences and making presentations, and has been less available to conduct the primary duties of the commission.

Also, in the summer of 2002, a current commissioner assisted an administrative judge with the drafting of six orders, three of which were appealed to the full commission. Such assistance could create an unnecessary appearance of bias or impropriety on the part of a commissioner who provides such assistance.

PEER found a lack of consistency and precision at the Workers' Compensation Commission regarding commissioners' and employees' compliance with state leave laws. In several instances, commissioners or employees did not take leave for time away for personal reasons or illness or a commissioner did not forward paperwork concerning an employee's requested leave. Also, the commission's chairman does not require the employees under his supervision to complete weekly timesheets. This lack of concern regarding accountability for employees' time worked results in overstated accrued leave balances (and possibly ultimate conversion of such to creditable service for retirement benefits), as well as inaccurate information with which to make management resource decisions.

458. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2003 COST PER INMATE DAY, December 19, 2003, 22 pages

For Fiscal Year 2003, the Department of Corrections' general cost per inmate

day (for all security levels combined) in a 1,000-bed facility was \$44.36, including debt service for a facility. FY 2003 costs per inmate day for individual security classifications were as follows: minimum security, \$38.52; medium security, \$41.44; and maximum security, \$68.62. MDOC's FY 2003 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$53.19 for medium security and \$72.31 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the costs incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

459. 2003 COST ANALYSIS OF HOUSING INMATES IN REGIONAL CORRECTIONAL FACILITIES, December 19, 2003, 22 pages

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

PEER found that the number of inmates guaranteed by the MDOC Inmate Housing Agreement exceeds the breakeven point associated with housing state inmates in seven of the eleven regional facilities reviewed. PEER also identified \$551,520 in costs that, if eliminated, would reduce the number of inmates required to break

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

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

460. A REVIEW OF THE EFFECTIVENESS OF LOCAL TOURISM COMMISSIONS, December 19, 2003, 38 pages

The Legislature creates local tourism entities through local and private laws to meet the specific needs of individual communities. Local tourism entities are funded primarily with resources collected through special tax levies on restaurants and hotels, with additional funds provided through the Mississippi Development Authority (MDA) and local sources. PEER surveyed forty-eight entities concerning special tax levies authorized by local and private legislation to promote tourism and economic development. Survey respondents reported receiving \$23,890,863 in tourism tax revenue during FY 2002.

Including revenue from all sources, local tourism entities reported expending a total of \$25,644,355 in FY 2002. For that fiscal year, local tourism entities reported that they averaged 33 percent of their expenditures for program administration, 12 percent for capital improvements, and 55 percent for tourism programs. Concerning accountability for these funds, the laws

creating local tourism entities include varying expectations. According to survey data, these local tourism entities' expenditures comply with the broad requirements in local and private enabling legislation.

Regarding the MDA's role in local tourism efforts, state law provides MDA with the authority to promote tourism generally, but does not specifically grant authority or responsibility for MDA to coordinate its activities with those of local tourism entities. In fact, no single authority has the legal mandate to coordinate all tourism activities in the state. The MDA's Division of Tourism Development staff supports the activities and programs of local tourism entities by providing services such as research, training, and referral, but the division does not play a direct role in local tourism promotion programs or activities.

Regarding the financial impact of local tourism development efforts on the state and local economy, few local entities gather uniform and comprehensive data on the financial impact and effectiveness of their tourism programs or conduct studies to measure effectiveness of tourism programs. Although MDA compiles an annual estimate of tourism financial impact, it does not estimate benefits derived from local expenditures.

461. A REVIEW OF THE DEPARTMENT OF HEALTH'S ONSITE WASTEWATER DISPOSAL SYSTEM PROGRAM AND FOOD PROTECTION PROGRAM, December 19, 2003, 26 pages

The Mississippi State Department of Health (MSDH) is a multifaceted agency whose mission is to promote and protect the health of the citizens of Mississippi. Within the Department of Health, the Bureau of Environmental Health's Onsite Wastewater Disposal System Program recommends and approves individual wastewater disposal systems for small

commercial buildings, restaurants, and single residential dwellings. The bureau's Food Protection Program inspects food establishments (other than those of churches, church-related and private schools, and other nonprofit or charitable organizations) to ensure compliance with state and federal laws, rules, and regulations.

Regarding the Onsite Wastewater Disposal System Program, PEER found that regulation of wastewater disposal systems has been subject to potential inconsistencies because for those homeowners choosing to have an engineer inspect their systems, an arrangement that is allowed by state law, MSDH does not require that the engineer redesign or alter an insufficient wastewater system to meet the department's standards. This could result in potential health hazards and the possible expense of replacing systems.

Regarding the Food Protection Program, MSDH environmentalists do not always adhere to program policy governing the frequency and timeliness of inspections of food facilities. This reduces assurance to the public that the food served at these facilities is safe.

462. A REVIEW OF THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES' DIVISION OF CHILD SUPPORT ENFORCEMENT, December 29, 2003, 67 pages

The Mississippi Department of Human Services' Division of Child Support Enforcement does not allocate personnel based on caseload demands. As could be expected, counties with higher caseloads per officer perform more poorly on federal incentive performance measures than counties with smaller caseloads per officer. Thus, in these counties, the division may not be as effective in collecting the funds to which children and custodial parents are entitled.

The division does not comply with some laws, policies, and procedures governing suspension of licenses for noncustodial parents who are delinquent in child support payments. Some of the division's policies and procedures are inconsistent with state laws regarding license suspension and the division's staff often does not comply with the division's own policies and procedures regarding license suspension. In 73% of the cases in PEER's sample (208 of 286 total cases), the division did not enforce license suspension according to policy. Also, the division's Program Office does not formally and routinely monitor license suspension actions to determine compliance with policy and the extent to which license suspensions are effective.

The division also does not comply with some laws, rules, and regulations governing operation of its Central Receipting and Disbursement Unit, which is responsible for receiving and disbursing child support payments. Internal control weaknesses within the unit, such as lack of segregation of duties in cash handling, could result in misappropriation of child support payment collections.

In federal fiscal years 2001 and 2002, Mississippi received the maximum federal incentive funding for child support enforcement in only one out of five performance areas (cost effectiveness). In one area (percent of cases with child support orders), Mississippi received no performance incentive funding. The performance in another area may result in a penalty of from 1% to 2% of federal TANF block grant funds. Also, the division is not using all of the tools available to improve its performance.

463. A MANAGEMENT REVIEW OF THE MUNICIPAL GAS AUTHORITY OF MISSISSIPPI, December 19, 2003, 36 pages

State law charges the Municipal Gas Authority of Mississippi (MGAM) with providing an adequate, dependable, and economical supply of natural gas to state municipalities that use its services. MGAM operates within the bounds prescribed by enabling legislation, providing beneficial services to municipal gas operations through gas supply and storage projects and flexible gas management services while operating in a financially sound manner. However, PEER identified weaknesses in the MGAM's management practices involving fee-setting methods, the refund policy for prepay gas supply bond projects, the informal agreement between the MGAM and the Municipal Energy Authority of Mississippi (MEAM), and performance raise policy and practices.

The MGAM does not have a documented fee-setting method for establishing its contract service fees. As a result, the MGAM cannot determine whether fees for each service are sufficient to cover costs or whether specific services are cost efficient.

The MGAM's policy for refunding excess revenues generated in the 1998 Prepay Gas Supply Bond Project to the nine full-time project participants is inequitable because it excludes participating non-MGAM members. As a result, the city of Vicksburg and its municipal gas customers have paid more for their prepay gas supply than the other full-time participating MGAM-member municipalities, who received refunds totaling \$375,000 during FY 1999-02.

The MGAM and MEAM Boards of Commissioners have used an informal verbal agreement since October 1, 1994, to define services to be provided by the MEAM staff and amount of

administrative and personnel expenses that the MGAM would reimburse. MGAM and MEAM do not have any defined methodology to determine periodically the actual personnel expense associated with each organization's workload.

Also, the MGAM has not documented employee responsibilities through written position descriptions with established minimum job qualifications and written performance standards, nor has it produced formal employee appraisals. Despite this lack of documentation, the MGAM's Board of Commissioners approved performance pay raises totaling \$59,077 from FY 1996 through FY 2003.

464. A REVIEW OF QUALITY OF CARE AND COST EFFICIENCY ISSUES AT THE STATE VETERANS' HOMES, December 19, 2003, 66 pages

Under the authority granted by MISS. CODE ANN. Section 35-1-19 (1972), the Veterans' Affairs Board (VAB) established four 150-bed state veterans' homes in Jackson, Collins, Oxford, and Kosciusko to provide domiciliary care and related services for eligible veterans. In July 2002, the board assumed responsibility for daily management of the homes, which had previously been managed by nursing home management companies.

During calendar years 2000 through 2003, inspectors from the U. S. Department of Veterans' Affairs and the Mississippi Department of Health documented deficiencies at the homes in areas affecting residents' health and safety. The nature and seriousness of deficiencies at the Jackson home prompted the Department of Health to declare it a "substandard" facility and place it under intensive oversight for ninety days beginning December 20, 2003. The homes with the greatest number of deficiencies had the most unstable workforce, characterized by high vacancy rates in state positions (90% for registered nurses at the Jackson

home as of August 30, 2003), high turnover in direct care staff (133% for registered nurses in the Jackson home from January through June 2003), and extensive use of direct care staff hired through health care staffing agencies, including nurses in supervisory positions (40% of registered nurses at the Jackson home as of June 30, 2003).

The VAB is not adequately monitoring its own performance on critical indicators of quality of care at the homes nor is it making necessary corrections in operations to address performance problems. The homes are arbitrarily adjusting minimum levels (thresholds) of acceptable performance in response to increasing deficiencies, rather than developing effective strategies for improving performance.

Until recently, the VAB has not actively managed costs at the homes. For example, if the VAB had filled direct care positions during FY 2003 with state employees earning a competitive wage, the homes could have avoided approximately \$900,000 in health care staffing agency markup costs (up to 135% of salaries) and approximately \$300,000 in overtime pay.

465. COMPENDIUM OF RECOMMENDATIONS FROM THE PEER COMMITTEE, 2000-2003, February 6, 2004, 123 pages

466. A REVIEW OF THE BOARD OF VETERINARY MEDICINE, July 13, 2004, 466 pages, 32 pages

The practice of veterinary medicine by unqualified or unscrupulous individuals includes risks to both animal and human health and creates a need for state government to protect the public. The Mississippi Board of Veterinary Medicine, by fulfilling its regulatory functions properly, should diminish these risks. The board's responsibility is to ensure that veterinarians are competent and knowledgeable and to

enforce laws, rules, and regulations regarding veterinary practice. PEER sought to determine whether the board effectively fulfills its functions of licensure and enforcement.

Concerning the board's licensure of practitioners, the Board of Veterinary Medicine does not consistently require applicants to comply with state law or its own regulations regarding some licensure and recording requirements. Although the board provides assurance of applicants' competency by requiring passage of a validated national veterinary medical examination, the board's examination of knowledge of state veterinary medical laws and regulations does not fully comply with accepted test construction standards.

Concerning enforcement of laws, rules, and regulations, the board does not inspect veterinary facilities throughout Mississippi, has not developed a comprehensive process for handling complaints against veterinarians, and has not consistently imposed fines and penalties when disciplining veterinarians.

467. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume I: 1973-1999, 136 pages

468. A REVIEW OF THE BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS AND LAND SURVEYORS, August 10, 2004, 37 pages

The Legislature established the Board of Registration for Professional Engineers and Land Surveyors in 1928. The board's mission is to safeguard life, health, and property and to promote the public welfare by providing a complete and thorough registration process for professional engineers and land surveyors, ensuring that each is properly qualified to practice in the state of Mississippi.

The Board of Registration for Professional Engineers and Land Surveyors provides assurance to the public of applicants' competency to practice their profession by requiring passage of national licensure examinations that are developed and administered in accordance with accepted professional testing guidelines. The board also requires completion of continuing education requirements. However, the state examination for professional land surveyors--which the board developed to measure knowledge of Mississippi's laws, rules, and regulations regarding land surveying--has not been developed or administered in accordance with accepted professional testing guidelines.

The board fairly and consistently enforces professional regulatory requirements through a thorough, comprehensive complaint and disciplinary process. However, in using consent orders to settle disciplinary cases, the board should only use such to implement penalties authorized in state law. Also, the board's current practice of not publicizing information on disciplinary sanctions limits the public's and practitioners' awareness of rules infractions and their consequences.

469. A REVIEW OF THE BOARD OF FUNERAL SERVICE, August 10, 2004, 39 pages

The Legislature established Mississippi's Board of Funeral Service in 1983, which replaced the State Board of Embalming that was established in 1918. The board regulates funeral service and funeral directing practitioners, as well as funeral home establishments, branches, commercial mortuary services, and crematory facilities.

Through the use of a national licensure examination, the Board of Funeral Service assures the competency of practitioners. However, the state's funeral service law does not require practitioners to earn continuing education hours to remain current in their profession. The lack of a continuing education requirement is a variance from requirements of other Mississippi regulatory licensure boards and other states' funeral licensing boards and diminishes the board's ability to ensure the general competency of licensees to perform funeral service activities.

The Board of Funeral Service does not have a rigorous, fully documented process to investigate complaints. Board members' investigations and board actions to resolve complaints are poorly documented in the board's investigative files and meeting minutes.

The board does not perform periodic, uniform inspections of licensed funeral establishments. Because of insufficient staffing, lack of specific inspection criteria, and the lack of a systematic approach to completing inspections, the Board of Funeral Service cannot assure protection of the health and safety of funeral establishment employees and the public.

Also, the board does not utilize disciplinary actions consistently to deter violators and, in at least one case, has administered a disciplinary action not authorized by statute.

470. A REVIEW OF THE BOARD OF PHARMACY, September 14, 2004, 35 pages

The Board of Pharmacy, created by the Legislature in 1916, licenses pharmacists and registers pharmacy technicians and pharmacy interns. The board issues permits to pharmaceutical wholesalers and other handlers of

pharmaceuticals, regulates pharmacies and facilities that provide pharmaceutical products or services, and oversees administration of controlled substances. The board also cooperates with the Bureau of Narcotics, Drug Enforcement Administration, and state and local law enforcement agencies in investigating illegal use and distribution of pharmaceuticals. The board attempts to reduce risks to the public through licensure and enforcement.

The Board of Pharmacy's licensure process requires practitioners to meet specified minimum qualifications prior to licensure or registration. The board administers the application process and examines applicants for competency. However, the board's licensure process is compromised because the board has no formal, written criteria for screening applicants regarding their criminal histories. Also, although the board provides assurance to the public of applicants' competency to practice the profession of pharmacy by requiring passage of a validated national pharmacy examination, it cannot assure the public that its state examination sufficiently tests applicants' knowledge of state pharmacy laws and regulations.

The board's enforcement process includes inspecting pharmacies and related facilities to assure compliance with state pharmacy laws, rules, and regulations. The board also investigates complaints regarding practitioners' possible violations of state pharmacy laws, rules, and regulations and assesses penalties for violations. Due to problems with workload and staffing assignments, the Board of Pharmacy has only partially fulfilled its inspection responsibilities, an important component of its enforcement function. Also, the board's compliance agents, whose job description does not require them to perform law enforcement duties, carry firearms without a demonstrated need to do so.

471. A REVIEW OF THE PEARL RIVER VALLEY WATER SUPPLY DISTRICT, October 19, 2004, 71 pages

The Pearl River Valley Water Supply District (PRVWSD) manages all aspects of the Ross Barnett Reservoir, including leasing of commercial and residential property and providing recreational opportunities. PEER analyzed the district's governance, authority, and responsibilities; how demands on the district have changed over time; and whether the district has exercised due diligence in managing its resources.

In 1985, the Hinds County Chancery Court issued an order requiring the district to charge its residents additional fees (beyond their rental payments as lessees) for services such as fire or police protection. Although circumstances that gave rise to the order have changed and the number of residents and demand for services have greatly increased, the district's board is limited by the court order in the types of services that it can provide. Also, due to the composition of the district's board and the method by which board members are appointed, the district is insulated from addressing residents' concerns and residents have a limited voice in the board's decisionmaking processes.

Concerning management of the district's resources, the PRVWSD's Board of Directors has not exercised prudent stewardship of public funds because it:

- has approved expenditures of the district's funds for items that may not benefit the entire district or the public;
- has not fulfilled its responsibility as an employer to address the taxability of an employee's fringe benefits; and,
- does not have a policy limiting how often board members may be paid per diem and for what purposes.

Concerning the district's process for developing the Lost Rabbit property, the PRVWSD Board of Directors' lack of a policy restricting consultants from participating in or competing for development contracts creates an appearance that the process by which persons and firms compete for development contracts is not open and competitive.

472. 2004 COST ANALYSIS OF HOUSING STATE INMATES IN COUNTY JAILS AND REGIONAL CORRECTIONAL FACILITIES, December 7, 2004, 52 pages

Senate Bill 3218, 2004 Regular Session, requires the PEER Committee to conduct a cost analysis to determine the actual cost per day of housing state inmates in county jails. Part One of this report presents PEER's findings and the cost per day for housing state inmates and non-state inmates (i.e., both state inmates that present a lower security risk and inmates from local government entities) in county jails. Part Two of this report presents the regional facilities' breakeven points and associated cost per inmate day for state inmates and non-state inmates in regional facilities.

Costs per day for housing state inmates in county jails range from \$13.92 to \$73.95. Given this wide range of efficiencies, PEER concludes that for county jails, the current \$20 per day per inmate in direct reimbursement, in addition to the value of inmate labor that can exceed \$20 per day per inmate, provides reasonable compensation to counties for housing state prisoners.

The average breakeven point for the eleven regional correctional facilities is 207 state inmates. Under the current reimbursement structure, the state pays for the first 200 inmates at the individual regional facility's per diem rate and pays for the remaining state inmates at \$20 per day. Regarding housing of non-state inmates, none of the regional facilities

received sufficient per diems from local government entities to reach the breakeven point. Regional facilities use revenues generated from housing state inmates to defray the costs of housing non-state inmates.

Since 2001, PEER has issued an annual breakeven cost report that has identified potential areas of cost avoidance for regional correctional facilities in attorneys' salaries and fees, as well as American Correctional Association accreditation and program costs. Subsequent reductions in these expenses have resulted in a total cost avoidance since 2001 of \$570,406.

473. THE STATE TAX COMMISSION'S OFFICE OF ALCOHOLIC BEVERAGE CONTROL: A MANAGEMENT REVIEW AND POLICY ANALYSIS, December 7, 2004, 83 pages

PEER conducted a management review of the State Tax Commission's Office of Alcoholic Beverage Control (ABC) and presents its conclusions in Part One of this report. PEER sought to determine whether ABC has the systems in place to direct and control the wholesale distribution of wine and spirits and to enforce the state's alcoholic beverage control laws.

PEER followed up on its 1989 review of the agency by assessing ABC's response to findings and recommendations from that review. Since 1989, ABC has addressed four of the six operational weaknesses PEER had identified, but has not addressed remaining weaknesses in internal audit and warehouse security.

Part One of this report also addresses ABC's wholesale operations, enforcement of state alcoholic beverage control laws, permit renewal process, and vehicle management. Although PEER found areas in which ABC could take specific management actions to assure accountability in warehouse operations,

PEER found that the ABC has procedures in place with which to operate a successful wholesale alcoholic beverage distribution program. The ABC's Enforcement Bureau has a proactive enforcement system with the intelligence, investigative, and permitting functions in place to enforce the state's alcoholic beverage control laws.

In Part Two, PEER presents a policy analysis of the feasibility of privatizing all or part of the state's alcoholic beverage control program. PEER identified three privatization options and analyzed the feasibility of each option. Considering the state's current policy environment, PEER concludes that the only feasible option of those considered for privatization of alcoholic beverage control would be to contract out wholesale operations. However, the ultimate success of this option would be contingent on the ability to develop a contract that saves the state at least ten percent on operating costs while providing the same level of service as currently provided by ABC's recently renovated wholesale distribution system.

474. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2004 COST PER INMATE DAY, December 21, 2004, 24 pages

For Fiscal Year 2004, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$44.30, including debt service for a facility. FY 2004 costs per inmate day for individual security classifications were as follows: minimum security, \$39.37; medium security, \$40.74; and maximum security, \$69.10. MDOC's FY 2004 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$56.99 for medium security and \$71.64 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a “most efficient organization.” When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the costs incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

475. A LIMITED REVIEW OF THE MISSISSIPPI LIBRARY COMMISSION, December 21, 2004, 53 pages

The PEER Committee focused its analysis on whether the Mississippi Library Commission (MLC):

- fulfills its statutory responsibilities;
- uses its strategic plan to position the agency to fulfill its statutory responsibilities and to assist the state’s public libraries in meeting the future needs of citizens; and,
- properly administers its state grant programs to local public libraries.

PEER found that while MLC’s activities generally fulfill the agency’s broad statutory powers and duties, MLC has not yet implemented specific provisions of state law requiring the development of a statewide master plan and an accreditation program for public libraries.

Concerning MLC’s strategic plan, based on the powers and duties of MLC established in state law, the elements of

MLC’s strategic plan are both comprehensive in scope and relevant to meeting future needs of the state’s public libraries. The plan addresses major aspects of public library development, management, and operations and includes objectives designed to improve MLC’s internal operations. However, the plan lacks definitions of critical terms and conversion of plan objectives into measurable terms. Thus an external reviewer (such as PEER) must create ad hoc measures to verify the agency’s progress in meeting its stated goals and objectives.

Concerning MLC’s state grant programs to local public libraries, due to MLC’s insufficient oversight of the expenditure of personnel incentive grant funds by local public library systems, MLC cannot ensure that state personnel incentive grants are being used for their intended purpose of improving the qualifications of Mississippi’s public library staffs.

476. A REVIEW OF THE DEPARTMENT OF PUBLIC SAFETY’S MISSISSIPPI CRIME LABORATORY, December 21, 2004, 52 pages

In response to complaints from legislators and citizens, the PEER Committee conducted an efficiency review of the Mississippi Crime Lab. PEER focused its review on:

- determining whether requests for forensic analysis are processed in a timely manner at the Mississippi Crime Lab;
- identifying barriers that could prevent timely forensic analysis; and,
- identifying the potential impact of untimely analysis on customers of the Mississippi Crime Lab.

Because the Crime Lab has set a thirty-day turnaround goal for forensic requests and PEER's review of selected states' reports on crime labs confirms this is a reasonable goal, PEER defined thirty days as a reasonable goal of timeliness for completion of requests for forensic analysis. In FY 2004, each forensic section's average turnaround time for requests exceeded the thirty-day turnaround goal.

Regarding barriers that could prevent the Crime Lab from conducting timely forensic analysis, factors affecting the lab's processing time include the manner in which the lab administers its training program, failure to maximize use of the management information system, organizational structure that does not ensure efficient operations, and staff vacancies. PEER also identified case management issues that could affect timeliness, including lack of a system for request prioritization, insufficient communication regarding cross-over requests, incorrect submission of evidence by law enforcement entities and coroners, and lack of communication between the Crime Lab and customers regarding the need for analysis on aged cases.

Timely completion of forensic analysis is essential to the proper functioning of the criminal justice system. Both the U. S. Constitution and state law guarantee the accused's right to a speedy trial. The Mississippi Crime Lab's failure to provide timely analysis of forensic requests may affect grand jury proceedings and jurisdictions' compliance with the speedy trial law.

477. A REVIEW OF SELECTED QUALITY OF CARE ISSUES AT HUDSPETH REGIONAL CENTER, May 6, 2005, 28 pages

The Hudspeth Regional Center is an intermediate care facility for the mentally retarded that is operated by the Department of Mental Health's Bureau of Mental Retardation. Hudspeth serves twenty-two counties in central Mississippi, providing twenty-four-hour care to clients residing on the center's campus and providing services to other clients through community services.

In response to a legislative request, the PEER Committee reviewed selected quality of care issues at Hudspeth Regional Center. The requesting legislator had expressed concern over allegations that Hudspeth's direct care staff was not providing adequate assistance to clients with physical care and personal hygiene, including bathing, grooming, and toileting, and that Hudspeth staff could not account for clients' clothing items.

PEER conducted two unannounced inspections at Hudspeth Regional Center's campus, observing the condition of clients' personal hygiene in their regular environment and observing the morning preparation of clients. No clients appeared deficient in personal hygiene. The direct care staff had a systematic approach to assisting clients with personal hygiene and clients were familiar with the routine. The center's staff has developed and implemented a training program that supports and prepares direct care staff in providing assistance with clients' personal hygiene.

Regarding staffing, according to records for the two days of PEER's inspections, as well as for two days on the preceding weekend, the center met or exceeded the staffing ratio required by federal regulations. Also, the staff has developed and implemented a system for identifying, investigating, and processing complaints related to alleged neglect,

abuse, or mistreatment of Hudspeth clients. None of the complaints filed from January 1, 2004, through March 1, 2005, related to clients' personal hygiene.

PEER conducted inventory audits at three Hudspeth cottages and found that clothing and grooming/personal care items had been labeled with clients' names. However, Hudspeth staff could not provide a record of the location of clients' clothing that had reportedly been sent to the laundry. Also, the center's staff does not complete an annual audit of each client's belongings.

478. A REVIEW OF THE MANAGEMENT OF THE STATE CONSTRUCTION PROCESS, June 21, 2005, 72 pages

In recent years, the Legislature and the Department of Finance and Administration have attempted to improve management of the state construction process through statutory and operational changes. The Legislature has changed state law to address the budgeting of and accountability for construction funds. The Department of Finance and Administration's Bureau of Building has implemented a more thorough project evaluation system when selecting and approving projects, as well as a quality assurance method called building commissioning.

Management of the state construction process is affected to a certain extent by exceptions and inconsistencies in state law. State law provides an exception to the two-phase funding and approval requirement for emergency and critical need projects. However, because neither the law nor the Bureau of Building has standards or criteria for determining critical need, this exception could provide a "loophole" for avoiding the accountability imposed by the two-phase funding requirement. Community and junior colleges' construction projects are not held to the two-phase funding and approval

requirement because these buildings are not considered to be state-owned buildings, although the projects utilize funds from general obligation bonds repaid by the state's taxpayers. Also, bond legislation for community and junior college projects is not consistent with other bond legislation that requires bond funds to be spent on specific projects.

Mississippi's construction process for state buildings generally functions well, but needs refinement in the following areas to protect the state's best interests: additional, more precise information for considering projects for selection and approval; consistency in documenting selection of contractors; more appropriate use of bond financing; improved change order management; and proof of implementation of quality assurance methods.

The workload of the Bureau of Building's professionals hinders them from devoting the necessary amount of management attention to each project. To reduce the workload of the bureau's professional staff, the Legislature could implement one or more of the following options: authorize para-construction specialist positions to perform clerical and administrative duties; allow agencies to manage construction projects under \$250,000; allow the Department of Archives and History to manage historic preservation projects.

479. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2005, 173 pages

480. A REVIEW OF THE DEPARTMENT OF REHABILITATION SERVICES, October 19, 2005, 70 pages

In response to a legislative request, the PEER Committee reviewed the Mississippi Department of Rehabilitation Services (MDRS). PEER's primary goal was to evaluate whether MDRS addresses its stakeholders' needs by determining

whether MDRS provides adequate channels for consumer input and provides effective quality assurance through its case management programs.

While MDRS provides all of the avenues for consumer input required by federal law, the department could enhance its efforts for soliciting input and using that information to improve services. While all federally required avenues for consumer input at MDRS are present and surveys show that, on average, vocational rehabilitation consumers are satisfied with services, the agency could make improvements to address concerns noted through PEER interviews. These areas include consolidating consumer complaint information, increasing efforts to involve consumers in advisory councils, and defining the role of MDRS staff in advisory council meetings.

MDRS and the federal agencies that provide the department's funding monitor the quality of MDRS's programs through methods such as case reviews, data reporting, and analysis. While the department monitors caseloads and the delivery of services by case workers, the agency lacks an agency-wide, comprehensive, strategic quality assurance plan that details standards, activities, and roles of staff involved in quality assurance, risking duplication of monitoring efforts and aspects of programs operating without monitoring efforts.

In the final chapter of the report, PEER answers several specific legislative questions regarding administrative issues at MDRS. The questions posed relate to staffing, the headquarters building and grounds, lobbying and advocacy, dues paid to professional associations, consumers' access to facilities, and vehicle management.

481. A LIMITED MANAGEMENT REVIEW OF THE DEPARTMENT OF HEALTH, November 8, 2005, 64 pages

Within a period of twenty-three months (October 2002 through August 2004), the Department of Health implemented four organizational changes in the structure of the department, at least two of which were major revisions in the structure of the organization. When making the organizational changes, the department's management team did not obtain formal approval of the Board of Health for the organizational change plans, which is required by state law, nor did they consult with many of the key staff members who would be responsible for implementing the changes.

During and subsequent to the organizational changes, the department's management team changed the channels of communication for staff members without clearly stating the intent of or goal for the changes and without documenting the desired communication procedures in formal, written policies. The management team has also restricted traditional professional channels of communication and relationships with external information sources and with public health providers, a situation that could affect the staff's ability to promote and protect public health.

PEER also found the following:

- Since October 2002, the Department of Health has reduced its accountability controls over programs and services.
- Due to implementation problems, the Department of Health's recent efforts at improving the quality of its programs and decisions have not been successful, resulting in wasted staff resources and employee frustration.

- The department's epidemiology function has lost much of its public health knowledge base and experience due to a reduction in the number of staff positions, departure of experienced employees, and changes in the communication flow between the central office and field staff. The loss of experienced and key staff in other departmental areas has compromised the agency's ability to deliver services and improve performance.
- Contrary to requirements of state law, the State Health Officer has made district administrators, who are not licensed physicians, responsible for directing public health programs at the district level and has relegated district health officers to the role of medical consultants.

482. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2005 COST PER INMATE DAY, December 13, 2005, 24 pages

For Fiscal Year 2005, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$43.99, including debt service for a facility. FY 2005 costs per inmate day for individual security classifications were as follows: minimum security, \$39.72; medium security, \$41.93; and maximum security, \$69.02. MDOC's FY 2005 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$50.56 for medium security and \$72.87 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given

to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

483. A REVIEW OF INTRAGOVERNMENTAL SERVICE FEES ASSESSED AND COLLECTED BY STATE AGENCIES, December 15, 2005, 42 pages

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.

484. A REVIEW OF STATE AGENCIES' USE OF CONTRACT WORKERS, December 15, 2005, 20 pages

PEER reviewed agencies' expenditures for contract workers for fiscal years 2003 through 2005 to determine which state agencies use contract workers, the costs of such workers, and the type of oversight the state exercises over contract workers.

Concerning state agencies' utilization of contract workers, PEER found the following:

- From FY 2003 through FY 2005, fifty state agencies included in the state accounting system used contract workers. Gross wages for these workers totaled \$30.5 million in FY 2005.

- During FY 2005, eight state agencies accounted for 84% of contract worker gross wages, with each of these agencies exceeding \$1 million.
- Total gross wages for contract workers increased by \$16.2 million (113%) from FY 2003 to FY 2005.

Concerning oversight of contract workers and associated expenses, other than the requirement to have contracts exceeding \$100,000 approved by the Personal Service Contract Review Board, state agencies are subject to few limits or controls on their use of contract workers. Several categories of contracts are exempt from the board's purview. During FY 2005, the board approved contracts for only 3% of the total contract worker gross wages paid by state agencies, or \$853,698 of the total \$30.5 million in gross wages.

485. A COMPLIANCE AND MANAGEMENT REVIEW OF THE DYSLEXIA PILOT PROGRAMS OF THE MISSISSIPPI DEPARTMENT OF EDUCATION, June 20, 2006, 30 pages

Over ten years ago, the Legislature established dyslexia pilot programs in response to the growing concern of the federal government and educational community regarding students' learning disabilities. The Mississippi Department of Education administers the dyslexia pilot programs. To participate in the programs, the state's school districts must submit responses to the department's annual request for proposals that it mails to all school districts. The department, through a selection committee, evaluates the proposals, determines the grant fund amounts, and awards grants to the districts selected.

Because the department does not document its rationale for establishing the cutoff score used in awarding grants for a given year, a third-party reviewer cannot recreate the process used for establishing that score. Also, with one exception in the last five fiscal years, the department has not fully funded the proposals of districts selected to receive grants, thereby compromising the utility of the pilot programs in identifying best practices.

PEER also found inadequate evaluation of the dyslexia pilot programs. The department did not ensure that districts that received dyslexia grants during FY 2005 measured their programs' effectiveness against the objectives included in their responses to the department's request for proposals, which was a condition of the grant agreement. Also, the department did not evaluate the effectiveness of the districts' programs to determine whether the state's investment had actually yielded improved student performance.

Finally, the department reimbursed districts' grant expenditures in FY 2005 without enforcing all requirements of the grant agreement and did not utilize the audit provision of the grant agreement. Thus the department did not ensure that all dyslexia pilot program grant funds were properly spent.

486. A REVIEW OF THE FUNDS ALLOCATION PROCESS FOR MISSISSIPPI'S COMMUNITY AND JUNIOR COLLEGES, June 20, 2006, 35 pages

The Board for Community and Junior Colleges serves as the state-level coordinating agency for Mississippi's community and junior college system. The Legislature created the board in 1986 to receive and distribute funds from the state, federal government, and other sources to the individual colleges.

State law requires the board to audit each community and junior college to determine a student count that is used to allocate funds appropriated by the Legislature. The board's enabling legislation gives it broad authority to require the individual colleges to supply information that the board needs and to compile and produce reports on that information; also, the board's staff has the implied authority to do whatever is necessary to ensure that the count used to allocate funds to the individual colleges is accurate and appropriate.

PEER found that the board does not work with individual colleges to manage class size for maximum efficiency. Because state law requires the board to count enrollment at a point early in the semester and 25% of students drop classes after that point, the board has continued to allocate funds for instruction of students who do not complete the semester. Also, because the board has not provided information regarding inefficiencies related to class size to the Legislature, the Legislature does not have all of the information it needs with which to make decisions regarding wise use of the state's scarce resources.

Concerning the board's auditing of enrollment data of the community and junior colleges, the board does not obtain sufficient, competent evidence to arrive at conclusions regarding the records reviewed. Because the board does not establish an error rate for its statistical samples, it does not provide the most accurate estimate of the student population. Also, by allowing college personnel to perform certain components of the audit, the board has not complied with independence and due professional care standards. Thus the board's current methods of reviewing the colleges' enrollment data do not assure an accurate, appropriate count to serve as the basis for the allocation of funds and the number of students used in the board's formula for allocating funds has most likely been overstated.

487. THE IMPACT OF HURRICANE KATRINA ON MISSISSIPPI'S COMMERCIAL PUBLIC PORTS AND OPPORTUNITIES FOR EXPANSION OF THE PORTS, June 20, 2006, 146 pages

Mississippi has fifteen commercial public ports—three on the Gulf Coast, six on the Mississippi River or its tributaries, and six on the Tennessee-Tombigbee Waterway. Prior to Hurricane Katrina, Mississippi's proportion of total U. S. waterborne tonnage was approximately 2%. At the state level, these commercial public ports had a significant impact on the Mississippi's economy.

When Hurricane Katrina made landfall on August 29, 2005, as could be expected, its primary impact was on the state's Gulf ports. Damage at the Gulf port included warehouses, berths, docks, offices, access roads, and rail lines. The Gulf ports also lost equipment and, in some cases, business records. The estimated loss of assessed value at these three ports totals approximately \$99.8 million. Based on the responses of port directors surveyed, the impact of the hurricane on the state's inland ports was negligible. Most of the inland ports reported receiving no damage; three reported minor damage.

Rebuilding and revitalizing the ports and shipping industry in Mississippi will be a challenge facing the state in upcoming years. Whatever actions are taken to expand Mississippi's commercial public ports must be subject to the framework provided by applicable federal trade agreements and laws and state laws and regulations.

In addition to the losses from Hurricane Katrina, factors limiting the expansion of Mississippi's commercial public ports that must be addressed in the future include major competition from ports in surrounding states, a comparatively poor funding base, and problems with railways and other intermodal connectors. Opportunities for growth of the ports should result

from projected growth in domestic and international waterborne tonnage, particularly Latin American trade opportunities; undeveloped land area and facilities available for development; and opportunities with non-cargo markets, such as gaming and cruise lines. Several of the individual ports have developed their own expansion plans to increase business and serve existing customers more effectively.

488. A REVIEW OF THE MISSISSIPPI HOME CORPORATION'S LOW-INCOME HOUSING TAX CREDIT PROGRAM, August 8, 2006, 72 pages

The Low-Income Housing Tax Credit Program is a program created under the Tax Reform Act of 1986 that the Internal Revenue Service uses as an incentive to the private business sector for the development of affordable housing for low-income Americans. The Mississippi Home Corporation (MHC) administers and oversees the state's Low-Income Housing Tax Credit Program utilizing federal guidelines.

PEER found that while MHC complies with the Internal Revenue Service's requirements regarding public review and gubernatorial approval of its annual Qualified Allocation Plan (QAP), language in the QAP allows the corporation to amend the plan without a public review and comment period prior to implementation of changes. Also, in administering the Low-Income Housing Tax Credit Program, MHC has:

- allowed developers to exceed maximum cost per unit guidelines, which is contrary to program goals;
- provided an advantage to developers who have a record of noncompliance; and,
- failed to monitor developers' compliance with debt service ratio requirements throughout

the fifteen-year compliance period.

Through the incorporation of strong incentives into its QAP, MHC has had success in encouraging developers to serve the state's lowest income tenants located within qualified census tracts. However, there are still needy areas of the state that the Low-Income Housing Tax Credit Program has not served.

Also, MHC does not specifically seek feedback from tenants residing in low-income units when developing the QAP, but specifically seeks feedback from the developers and syndicators. This creates the image that the MHC is more concerned with the needs of those involved in the administration of low-income housing units than those for whom the units are constructed.

489. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2006, 179 pages

490. A REVIEW OF THE LAUDERDALE COUNTY EMERGENCY COMMUNICATIONS DISTRICT'S REQUEST FOR AN INCREASE IN EMERGENCY TELEPHONE SERVICE CHARGES, September 12, 2006, 35 pages

In 2001, the City of Meridian and Lauderdale County consolidated their emergency dispatching operations into the Lauderdale County Emergency Communications District. The district's staff answers 911 telephone calls from within Lauderdale County and dispatches the appropriate emergency responders.

From FY 2000 through FY 2005, the primary sources of revenue to the district were emergency telephone service charges and payments from the city and county. In early 2006, the governing bodies of the city and county made public their desire to increase the district's emergency telephone service charges to cover all expenses of the

district rather than to continue financial support.

Implementing an increase in emergency telephone service charges would require a change in general law. Such change could affect some or all of the state's other eighty-one emergency communications districts, not just that of Lauderdale County. While an increasing gap between the Lauderdale County Emergency Communications District's expenditures and revenues from emergency telephone service charges is projected (ranging from \$346,893 in FY 2006 to \$395,832 in FY 2008), PEER believes that the Legislature should not increase emergency telephone service charges at present based on the district's financial situation. Arguments supporting this conclusion include the following:

- opportunities exist for reducing the district's expenditures;
- local governments are obligated to support public safety functions, including emergency services, financially; and,
- the potential exists for additional revenues through more comprehensive enforcement of emergency telephone service charge collections and amendment of existing laws.

491. A LEGAL ANALYSIS OF EMERGENCY POWERS GIVEN IN MISSISSIPPI LAW REGARDING PANDEMICS AND BIOTERRORISM, October 10, 2006, 26 pages

Since the terrorist attacks on the United States occurred in 2001, many states have reviewed their public health laws to determine whether they could respond effectively to public health emergencies such as those caused by an act of bioterrorism. The possibility of flu pandemics has also raised concerns about the states' capacity to meet the needs of their citizens.

PEER reviewed Mississippi's laws and determined that some incremental changes should be made regarding emergency public health powers. These potential changes include authorizing the Governor to invoke broad emergency powers in the event of a pandemic, requiring that certain health care professionals (in addition to those currently mandated in law) report diseases to the State Department of Health, empowering the Governor to direct state officials to take control of human remains and contaminated property, and directing health care professionals to serve, if needed, in areas affected by a natural emergency caused by an act of bioterrorism or pandemic.

492. A REVIEW OF THE AIRPORT MULTI-MODAL FUND COMMITTEE'S SELECTION PROCESS FOR DISTRIBUTION OF TRANSPORTATION IMPROVEMENT FUNDS, November 14, 2006, 38 pages

The Airport Multi-Modal Fund Committee is responsible for selecting recipients of airport improvement funds through a fair and objective process. Such a process should help to ensure that all airports eligible to apply have an opportunity to compete for funding, the purpose of which is to improve airports in Mississippi. The process should be so transparent (i.e., easily followed or replicated) and defensible that there should be no question about why some projects are funded and some are not. In Fiscal Year 2007, \$3.4 million in transportation improvement funds will be available for distribution for approved airport improvement projects in Mississippi.

Because the Airport Multi-Modal Fund Committee does not use a transparent and objective process in determining which airports' projects will receive funds, the committee leaves itself vulnerable to allegations of bias in the selection process. PEER found that:

- The committee does not establish clear priorities and goals for distribution of each fiscal year's airport improvement funds and thus may not be directing funds to their highest and best use.
- The committee has not established objective criteria to use in conducting systematic evaluations of applications. Because the committee has no specific evaluation criteria, it does not have standards with which to train its members to judge applications consistently and uniformly.
- Since the committee does not use a formal Request for Proposals to solicit applications from all eligible airports, the committee has no assurance that its selection process is fair and competitive.

Also, the committee members' attempt to prevent bias by recusing themselves from ranking projects submitted by their own airports actually results in a higher priority score for such proposals.

493. A REVIEW OF THE MEDICAL CLINICS AT MISSISSIPPI'S UNIVERSITIES AND COMMUNITY AND JUNIOR COLLEGES, November 14, 2006, 39 pages

Because no central policy of the Board of Trustees of Institutions of Higher Learning addresses funding method or services to be provided by university medical clinics, PEER found a wide range of costs and levels of service at these clinics. FY 2005 costs to university funds per clinic visit ranged from \$25.75 at the University of Mississippi Medical Center to \$329.82 at Mississippi Valley State University. The level of service at university medical clinics varied from solely nurse-provided health care at Mississippi University for

Women to clinics with physical therapy centers (at Mississippi State University, the University of Mississippi Medical Center, and the University of Mississippi).

PEER also concluded the following regarding university medical clinics:

- Overall, since academic year 2002, student usage of university medical clinics system-wide has decreased by 5%.
- In FY 2005, universities spent \$770,730 to subsidize faculty and staff visits to the medical clinics.
- Mississippi's universities spent approximately \$10.1 million on medical clinics in FY 2005, approximately \$6.6 million of which came from university funds.
- Although students at satellite campuses pay the same tuition and general fees as students on main campuses, these students do not have the same ready access to the university medical clinics. Thus students at the satellite campuses are, in effect, subsidizing the clinic for students at the main campus.
- Operational philosophies for university medical clinics range from heavy subsidizing by the university to entrepreneurial operations that rely extensively on fees for services. Because student usage of medical clinics has declined at most campuses, universities may need to re-evaluate their operational philosophies and entertain questions about the clinics' role in accomplishing the universities' mission in view of societal changes.

Regarding the clinics at community and junior colleges, the State Board for Community and Junior Colleges does not have policies requiring or regulating

medical clinics. None of the community and junior college clinics provides a physician for students; all health care at these clinics is provided by nursing staff. Mississippi's community and junior colleges spent \$252,294 on their medical clinics in FY 2005.

494. A LIMITED MANAGEMENT REVIEW OF THE GREENVILLE HIGHER EDUCATION CENTER, December 20, 2006, 19 pages

The Greenville Higher Education Center is a cooperative development of Mississippi Valley State University, Delta State University, Mississippi Delta Community College, and the Greenville area's business, industry, economic development, and government entities. However, no single institution or individual governs the center and its maintenance needs are not being adequately addressed.

The center receives a general fund appropriation through the Board of Trustees of Institutions of Higher Learning and Delta State University and revenues generated from the center, as well as in-kind contributions from the three partner institutions. However, the center and the three partner schools do not have a Memorandum of Understanding or an operating agreement regarding the maintenance and operation of the center.

As a result of this fragmented ownership, funding, and governance and the absence of a formal written agreement between the affected parties, confusion exists over responsibility for the maintenance and upkeep of the physical facility. Although the center is state-owned property, no department or institution has claimed ownership of the building. Further, no entity is responsible for the development of a capital facility budget to plan for the center's long-term physical facility and maintenance needs. The center is faced with numerous short-term and long-term

maintenance and repair needs. Significant needs, such as repairs of the center's air conditioning units, have gone unmet.

Other higher education centers in Mississippi (and in surrounding states) meet their maintenance needs by assigning primary responsibility for operation and maintenance of the center to one entity and clearly delineating responsibilities through a formal, written agreement. Such agreements, the major points of which are included in the report, are options to consider for establishing a Memorandum of Understanding between the Greenville Higher Education Center and its three partner schools.

495. A REVIEW OF THE OPERATIONS OF THE DEPARTMENT OF AUDIT AND THE DEPARTMENT'S ROLE IN FISCAL OVERSIGHT AND ACCOUNTABILITY, December 20, 2006, 124 pages

The Department of Audit focuses necessary resources to ensure that the Comprehensive Annual Financial Report audit is conducted in accordance with generally accepted government auditing standards and completed in a timely manner. Also, the department ensures that county and education audits are performed according to standards and in a timely manner. However, low staffing levels and high turnover rates in the department's Financial and Compliance Audit Division have resulted in a decreased experience level of audit staff and reduced institutional knowledge used in forming auditor judgment. The department has had to rely to a significant degree on contract certified public accountants to accomplish its audit work.

With regard to its responsibilities to make inventories of all fixed assets, the department accomplishes its statutory responsibilities for state agencies and universities. However, the department conducts unnecessary fixed asset audits

for counties and public school districts, audits which are duplicative of inventory assessments made by auditors during financial audits.

Prior to the 2006-07 school year, the Department of Audit fulfilled its statutory responsibilities for verifying that the public school districts submitted accurate student attendance data to the Department of Education. However, with the launch of the Mississippi Student Information System on August 1, 2006, the department has not adequately planned its compliance audits of student attendance data, which could increase the risk of districts receiving the incorrect amount of funding.

As required by state law, the department has established generally accepted accounting principles for public offices of the state and its subdivisions and provides assistance and training to personnel of state and local government regarding such. However, the department does not ensure that municipalities have annual audits conducted and submitted to the department for review and filing. In addition, the department does not collect fees for providing training courses.

496. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2006 COST PER INMATE DAY, December 12, 2006, 24 pages

For Fiscal Year 2006, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$45.49, including debt service for a facility. FY 2006 costs per inmate day for individual security classifications were as follows: minimum security, \$40.86; medium security, \$42.05; and maximum security, \$72.44. MDOC's FY 2006 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$54.78 for medium security and \$76.03 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a “most efficient organization.” When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

497. A REVIEW OF THE BOARD OF EXAMINERS FOR LICENSED PROFESSIONAL COUNSELORS, June 12, 2007, 51 pages

Regulation of the practice of counseling is necessary to reduce the public’s risk from unqualified or unscrupulous practitioners. During this cycle review of the Board of Examiners for Licensed Professional Counselors, PEER found the following deficiencies in the board’s regulatory practices:

- *Licensure*—Because one of the board’s most recently added educational requirements is not based on the results of sound research such as a formal job analysis, the board cannot ensure that this requirement is necessary to ensure competence as an entry-level counselor. The current process for utilizing supervisors’ recommendations does not ensure that applicants possess the minimum competencies needed to practice counseling. Also, the board does not employ the most rigorous process available (i.e., a validated examination, published by a nationally recognized organization, that was designed to measure clinical expertise) to help

ensure that an applicant is fully prepared for unsupervised practice.

- *Monitoring of continuing education*--Continuing education policies do not ensure that licensees remain current in professional knowledge, skills, and issues in counseling.
- *Complaints*--The board’s management of complaints against licensed professional counselors does not track or maintain complete, confidential records of complaints that have been filed, investigated, or resolved. Also, the board has insufficient standards for investigating complaints.
- *Disciplinary actions*--The board’s practice of not publicizing information on disciplinary sanctions limits the public’s and licensed counselors’ awareness of rules infractions and their consequences.
- *Financial management*--The board has not established a proper internal control environment and, as a result, does not have assurance that its financial information is accurate or complete.

PEER also identified problem areas in state law that reduce the board’s ability to protect the public: no explicitly stated authority for the board to specify certain education requirements for licensure or to conduct background checks on applicants, lack of provisions preventing compromises of the board’s independence, and exemptions that allow individuals employed in any of numerous professions to engage in the practice of counseling without holding a license as a professional counselor.

498. STATE VETERANS' HOMES: A PERFORMANCE REVIEW OF COSTS AND QUALITY OF CARE, January 4, 2007, 102 pages

Since State FY 2003, although revenues for the state veterans' homes have increased each year, expenditures have exceeded revenues every year except for State FY 2006 and the Veterans Affairs Board (VAB) received deficit appropriations from the Legislature in State FY 2004 and State FY 2005. Since State FY 2003, the VAB's revenues have primarily come from federal VA per diems, state general funds, and resident fees. The state veterans' homes are not self-supporting and did not make significant progress during the period of State FY 2003 through State FY 2006 toward becoming self-supporting. In order to break even without state funds, VAB would have to either raise the fees that it charges to residents, reduce its operating costs, or find other sources of non-state revenues.

Regarding costs associated with operation of the homes, in comparison to similarly sized Medicaid-certified nursing homes in Mississippi, costs for the state veterans' homes are higher overall, especially in costs of nursing staff. In CY 2005, cost per day per patient was \$130.01 for the state veterans' homes, compared to \$120.71 for Medicaid-certified homes.

Concerning facility repairs and renovations, prior to FY 2007, VAB management did not submit formal, written capital improvement plans to the Bureau of Building for repair and renovation of the homes. According to the bureau's recent inspection report, the projected costs of all needed repairs and renovations at the homes between State FY 2008 and State FY 2012 amount to approximately \$6,710,000. Of this amount, three projects, with an estimated total cost of \$1,825,000, should be addressed by State FY 2008.

Concerning quality of patient care, during CY 2004 through CY 2005, inspection reports from the U. S. Department of Veterans Affairs showed that the Collins and Oxford homes had improved their quality of care and the Kosciusko and Jackson homes had declined in quality of care. While VAB's ability to monitor quality of care has improved with its acquisition of a clinical outcome management information system and hiring of a Nursing Services Director, the agency has not developed a comprehensive structure for monitoring quality of care that includes a board with expertise and work experience related to the management of nursing homes, a well-defined comprehensive quality assurance plan, a system for compiling and analyzing consumer complaints, and quality assurance committees that adhere to federal regulations for attendance and recordkeeping.

499. A COMPILATION OF STATE ENTITIES' EXPENDITURES FOR INDEPENDENT CONTRACTORS IN FY 2006, January 4, 2007, 112 pages

PEER reviewed expenditures of state agencies, public school districts, community and junior colleges, and public universities for independent contractors for Fiscal Year 2006. For purposes of this review, PEER defined an *independent contractor* as an individual, firm, corporation, or other service provider employed by a state entity through a contractual agreement who does not meet the definition of a contract worker. A *contract worker* performs services subject to the direction and control of an employer, whereas this element of control is absent with an independent contractor.

PEER found that state entities are subject to varying degrees of centralized oversight of expenditures for independent contractors. State agencies are subject to requirements of the

Personal Service Contract Review Board and the Board of Trustees of Institutions of Higher Learning must approve universities' personal service contracts that exceed a cumulative total of \$250,000. However, no centralized oversight exists for school districts' and community and junior colleges' procurement and utilization of independent contractors.

Overall, 328 entities reported that they spent \$1,958,912,988 on independent contractors during FY 2006. The majority (56%) of entities' FY 2006 expenditures for independent contractors were in the Construction or Building Repair Services Category. Landscape or Lawn Care Services was the second highest category. Within this category, the Department of Transportation reports to have spent approximately \$159,000,000 (86% of the total spent in this category) on emergency relief measures, mainly due to Hurricane Katrina.

The PEER Committee produced this report as a tool for decisionmaking. The purpose of the report was to establish the universe of total dollars spent on independent contractors in FY 2006 by state agencies, universities, community and junior colleges, and public school districts. The report does not evaluate individual expenditures or address the policy issue of public entities' use of independent contractors.

500. AN ANALYSIS OF THE LEGAL STATUS OF UNIVERSITY FOUNDATIONS, THEIR OVERSIGHT, AND THE AUTHORITY OF THE PEER COMMITTEE TO REVIEW UNIVERSITY FOUNDATIONS, July 10, 2007, 41 pages

Because all state universities are supported to some extent by foundations or affiliated organizations, PEER conducted this review to determine their legal status and the degree to which they are overseen by other public entities. PEER also analyzed its authority to review university foundations and affiliated organizations should it choose in the future to do so.

University foundations and affiliated organizations such as alumni associations are not-for-profit corporations, not divisions of the universities they serve. The Board of Trustees of Institutions of Higher Learning's policy requires that these organizations contract with the universities and sets out certain requirements to be included in the contracts. Further, these organizations must also provide certain financial audits and reports and operate within generally accepted accounting principles.

No external governmental agency has authority to oversee all operations of foundations and affiliated organizations. However, since 1993, the Board of Trustees of Institutions of Higher Learning has taken positive steps to oversee such organizations so as to safeguard the integrity of the universities in whose names they operate. PEER believes that the board could refine some of its current policies to provide additional assurances and make incremental improvements in the oversight of the foundations and affiliated organizations.

Since these corporations must enter into contracts with the universities they support, the PEER Committee would have the authority to review the parties'

performance of contractual terms, just as the Committee could review the performance of any other independent contractor of a state agency.

501. A REVIEW OF THE BOARD OF EXAMINERS FOR SOCIAL WORKERS AND MARRIAGE AND FAMILY THERAPISTS, August 14, 2007, 74 pages

Without the safeguards of regulation, untrained or unethical social workers or marriage and family therapists could practice and place the public at risk. During this cycle review of the Board of Examiners for Social Workers and Marriage and Family Therapists, PEER found the following deficiencies in the board's regulatory practices:

- *Licensure*--The board's requirements regarding evaluation of supervised experience may not ensure that social worker and marriage and family therapist licensure applicants have acquired the experience needed for the practice of their professions. Also, the board does not maintain an accurate database of licensee information, which could allow individuals without a current license to continue to practice and put the public at risk.
- *Monitoring of Continuing Education*--Rather than verifying continuing education annually for all licensed marriage and family therapists, the board's policy is that it *may* randomly audit a percentage of licensees' continuing education hours. The board is not consistently conducting these random audits, and when it does, it conducts them after licenses have been renewed.
- *Complaints*--The board does not have an effective system for managing complaints, such as a current master record or log showing the status of complaints, minutes with a complete record of the board's actions taken on complaints, complete documentation in individual

complaint files (including a record of actions), or a timeline or milestones for resolution of complaints.

- *Standards of Conduct*--Although the board has created a unified set of rules and regulations governing standards of conduct, several of these standards are unenforceable due to lack of statutory authority and vagueness.
- *Financial Management*--Although the Executive Director agreed to do so, the board has not implemented internal controls recommended by the State Auditor in 2003 to improve cash receipts accounting, controls over the bank clearing account, and timely deposits of cash receipts into the bank clearing account and State Treasury.

PEER also identified problem areas in state law that reduce the board's ability to protect the public: lack of provisions preventing current board members who also serve as members of nominating associations from participating in the nomination process for new board members, no explicit statutory authority for the board to conduct background checks on applicants, and no explicit statutory requirement for social workers to complete continuing education prior to license renewal. Also, the scopes of practice of social workers and marriage and family therapists are so broadly defined in state law that they often overlap and, in some cases, may overlap with the scopes of practice of other professions (e. g., psychology).

502. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2007, 186 pages

503. A REVIEW OF THE BOARD OF PSYCHOLOGY, October 10, 2007, 66 pages

The Legislature should amend state law to strengthen regulation of psychologists. Because some of state

law's licensure requirements for psychologists differ from those of states with which Mississippi has reciprocity agreements, at present the board cannot ensure that all licensees enter the profession at the same level of competence. Professional groups have called into question the necessity of postdoctoral experience (which Mississippi law requires) as a licensure requirement, as well as an examination of knowledge of the history of psychology (which Mississippi law also requires). Also, state law does not specifically authorize the board to perform background checks on applicants for licensure.

The Board of Psychology should improve the effectiveness of its processes for licensing psychologists. The board should maintain a log of complaints against licensees, increase the public's awareness of disciplinary actions taken, and correct problems with its financial management.

In this and other recent reports, PEER has noted that the boards responsible for regulating Mississippi's mental health professions (psychology, licensed professional counselors, social workers, and marriage and family therapists) have suffered from conditions such as a lack of permanent staffing, lack of a permanent office location, and insufficient in-house accounting expertise. These deficiencies have impacted the boards' administrative and financial operations. These boards could benefit from a solution that would allow them to pool resources to address common needs and problems. PEER recommends a series of steps moving toward combining the administration of the boards, believing that the boards should be able to set up and operate the administrative support component with current fee structures.

Also, significant overlap in the scopes of practice in Mississippi of psychologists, counselors, social workers, and marriage and family therapists, along with a lack of definition

for the unique competencies that define each field, could cause confusion for the public when deciding which professionals are competent to treat certain disorders. Some mental health professionals may be engaging in practices for which they have not been properly trained. PEER recommends a task force composed of members of the three boards to propose revisions to state law regarding scopes of practice.

504. STATE ENTITIES' FY 2006 ADVERTISING EXPENDITURES, October 10, 2007, 46 pages

During Fiscal Year 2006, state entities (i. e., state agencies, universities, and community colleges) spent \$14,345,385 on advertising services. Because of the lack of uniform procedures for the assessment of need and selection and evaluation of contractors, the state has few assurances that entities have utilized their best efforts at selecting advertising vendors. Specifically, PEER found:

- *State entities are subject to few controls on their use of advertising vendors.* The only state agency contracts that must be approved by the Personal Service Contract Review Board are those that exceed \$100,000. Universities' contracts are not subject to that board's review and only those contracts exceeding \$250,000 must be reviewed by the Board of Trustees of Institutions of Higher Learning. Community and junior colleges' contracts are governed by the procurement policies of each individual institution.
- *No state laws or regulations require entities to assess whether need exists prior to contracting for advertising services.* As a result, few entities utilize fully documented needs assessments with stated goals and objectives.

- *State agencies are not required to utilize a competitive selection process until contracts for professional services (such as advertising) exceed \$100,000. For contracts for less than those amounts, agencies must utilize their own due diligence to procure services in the most efficient and effective manner.*
- *No state laws or regulations require entities to identify criteria by which a vendor's performance should be evaluated after rendering the requested services. As a result, state entities typically rely primarily on informal measures of effectiveness.*

PEER recommends that the Legislature require that all contracts (of agencies employing state service employees) for advertising services, regardless of dollar value, be approved by the Personal Service Contract Review Board. PEER also recommends that the Board of Trustees of Institutions of Higher Learning and the individual boards of trustees of the community and junior colleges review their policies and procedures to ensure that they promote efficient and accountable expenditure of funds for advertising services.

505. COOPERATIVE PURCHASING: ITS FORMS AND POTENTIAL FOR PUBLIC PROCUREMENT IN MISSISSIPPI, November 13, 2007, 33 pages

According to the American Bar Association's *Model Procurement Code*, "cooperative purchasing" is the sharing of procurement contracts between governments or, more precisely, procurement conducted by or on behalf of one or more units. Cooperative purchasing generally occurs when two or more governmental units have a common need for the same type of commodity. Common items for cooperative purchasing include furniture, copiers, laboratory supplies, and fleet vehicles.

Cooperative purchasing differs from group purchasing or state contracts in that all members of the cooperative play a role in devising specifications and may choose not to participate if they are not able to obtain the specifications they believe are necessary. Cooperative purchasing contracts are simply developed for the use of agencies if they choose to use the contract.

Through a combination of recent legislative enactments and interpretations of existing law regarding purchasing, the public purchasing environment in Mississippi is now receptive to cooperative purchasing arrangements. Since the benefits of cooperative purchasing do not inure to the state automatically, the Department of Finance and Administration should have a systematic process for evaluating the benefits of cooperative purchasing agreements and should perform certain analytic functions to determine what is in the state's best economic interest before entering into a cooperative purchasing agreement:

- developing a systematic process for evaluating the benefits of a cooperative purchase agreement;
- using technology to improve the department's ability to analyze opportunities; and,
- considering external factors such as local preference laws and small business impact before entering into agreements.

506. JUVENILE JUSTICE IN MISSISSIPPI: STATUS OF THE SYSTEM AND A STRATEGY FOR CHANGE, December 11, 2007, 224 pages

PEER compared Mississippi's juvenile justice system to a comprehensive juvenile justice system, elements of which were identified by the federal Office of Juvenile Justice and Delinquency Prevention and PEER's

review of the literature on juvenile justice. PEER made this comparison by conducting interviews with key players at all levels of the state's juvenile justice system, as well as by reviewing documentation provided by the key players.

PEER found that Mississippi's fragmented juvenile justice system does not equitably provide an adequate continuum of treatment and rehabilitative alternatives, from prevention to transition. The system does not effectively identify and meet the needs of all juveniles in every county because of deficiencies in screening and assessment, case management, wraparound programs and services, and does not always address the equitable treatment of youth. The system's deficiencies in funding, planning, research and evaluation capacity, and qualified personnel also limit its effectiveness.

The report contains proposals for two policy options as a strategy for changing the state's juvenile justice system to meet the needs of all juveniles statewide:

- Option One proposes the creation of an Institute of Juvenile Justice Research. This option is a conservative approach that acknowledges the overarching need for a comprehensive research and evaluation capacity to establish the foundations for more effective service structures for the state. Option One continues existing service structures until the needed research would be in place to guide implementation of change.
- Option Two proposes the creation of a Board and Department of Juvenile Justice and Delinquency Prevention. This option is an aggressive approach in that while recognizing the critical need for an improved research base, the option also recognizes that there

is sufficient evidence of the limitations of Mississippi's current fragmented juvenile justice system to guide the immediate creation of a centralized service agency.

The report also provides recommendations independent of these two policy options that should help to improve the state's juvenile justice system, whether the Legislature chooses to retain the present structure or select one of the two above-mentioned policy options.

507. MEDICAL CARE FOR STATE INMATES: THE DEPARTMENT OF CORRECTIONS' CONTRACT MANAGEMENT AND ITS PROVISION OF SPECIALTY MEDICAL CARE, December 11, 2007, 93 pages

From January 1, 2007, through May 31, 2007, the Department of Corrections and its contractor, Wexford Health Services, did not ensure that all inmates received timely access to quality medical care, as follows:

- Regarding routine medical care, during the period of review, MDOC and Wexford did not ensure that all state inmates received timely access to the sick call process and two-year dental prophylaxis within the intervals established by the medical services contract and by national correctional standards for medical care.
- MDOC's current contract with Wexford does not address chronic medical care; therefore, MDOC cannot ensure that Wexford develops and implements a system of quality chronic medical care for the state's inmates.
- Regarding mental health care, MDOC does not require that Wexford keep mental health records organized separately from inmates' other medical records, a

condition that could affect continuity of care.

Also, medical records for the review period do not contain documentation that MDOC and Wexford provided timely specialty medical care to all state inmates needing such care.

Concerning medical staffing, during the review period, Wexford's staffing levels were not in compliance with contract requirements. Also, MDOC did not require Wexford to submit documentation of the professional credentials of all medical staff.

Neither MDOC nor Wexford has an effective quality assurance process for contract compliance and Wexford does not assure confidentiality and security in the transport of inmates' medical records and medications from one correctional facility to another.

Regarding MDOC's FY 2007 medical expenditures, MDOC spent approximately \$42.8 million for inmate medical care in FY 2007, approximately \$1.1 million more than it would have expended for Wexford's turnkey proposal to provide comprehensive medical services to inmates and approximately \$2.8 million more than its FY 2007 appropriation for medical services.

508. A REVIEW OF THE IMPLEMENTATION OF MISSISSIPPI'S PUBLIC SCHOOL DROPOUT PREVENTION PROGRAM, December 11, 2007, 184 pages

While both U. S. and Mississippi dropout rates have declined slightly over the past decade, the personal and social costs of any individual dropping out of school are high. Further, Mississippi's statewide four-year cohort dropout rate of 26.6% for the school year ending in 2005 masks significant variation in the rates from district to district, with eleven of the state's 152 public school districts having four-year cohort dropout rates in excess of 40% and ten of the districts having dropout rates of less than 9%.

Both the federal government and Mississippi have initiatives in place to prevent students from dropping out of school. Through related programs and federal and state legislation, the efforts in preventing dropouts are widespread and have been in existence for many years.

While the Mississippi Department of Education's current dropout prevention effort provides the districts with materials on dropout prevention goals and nationally recognized strategies and best practices, elements of the department's program implementation pose concern. The department did not evaluate the status and effectiveness of the districts' 2004 dropout prevention plans, which would have helped to ensure the most efficient use of those plans in identifying and adopting best practices, to reduce confusion between existing plans and the requirements of the new 2007 plan, and to limit duplication of effort between the existing plans and the new plan. PEER found no clearly defined strategy to ensure districts' careful adherence to adopted best practices or to rigorous, ongoing program evaluation and oversight to ensure acceptable outcomes.

509. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2007 COST PER INMATE DAY, December 11, 2007, 24 pages

For Fiscal Year 2007, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$47.12, including debt service for a facility. FY 2007 costs per inmate day for individual security classifications were as follows: minimum security, \$43.83; medium security, \$43.20; and maximum security, \$75.60. MDOC's FY 2007 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$55.06 for medium security and \$78.78 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a “most efficient organization.” When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

510. A REVIEW OF THE MISSISSIPPI DIVISION OF MEDICAID’S NON-EMERGENCY TRANSPORTATION PROGRAM, January 7, 2008, 38 pages

MISS. CODE ANN. Section 43-13-117 (1972) makes the Office of the Governor, Division of Medicaid responsible for the Non-Emergency Transportation Services (NET) program, a federally mandated program for providing non-emergency transport to approved medical services for Medicaid beneficiaries who have no other means of transportation. In November 2006, the Division of Medicaid outsourced the NET program to LogistiCare Solutions LLC, a private, for-profit corporation. Subsequently, during the 2007 Regular Session, the Legislature mandated that PEER determine the impact of this new method of service delivery on the NET program’s costs and service quality.

Using a conservative method of estimation, PEER projects that the Division of Medicaid’s brokered contract yielded \$1.1 million in cost avoidance during the last eight months of FY 2007. In the future, such a contract should achieve at least a comparable amount annually.

PEER found no basis for concern that service delivery of the NET program has suffered under the brokered contract between the Division of Medicaid and LogistiCare. Beneficiaries should experience no detectable changes in program operation. However, PEER notes minor administrative deficiencies regarding the accurate coding of denials and the validity of timeliness data that have not affected the delivery of services.

511. PLANNING FOR THE DELIVERY OF MENTAL HEALTH SERVICES IN MISSISSIPPI: A POLICY ANALYSIS, June 26, 2008, 91 pages

Although the mental health environment in the United States has dramatically changed from an institution-based system to a community-based system in recent years, Mississippi’s mental health system has not reflected the shift in service delivery methods. Due to implications of the U. S. Supreme Court’s 1999 *Olmstead* decision, which supports the drive toward integrating people with disabilities into the least restrictive settings, the state will be forced to move toward providing more community-based care in the near future. Also, the state’s Board of Mental Health and Department of Mental Health will face other critical issues that will continue to impact their roles in providing and regulating mental health services in Mississippi.

According to PEER’s analysis of the current state mental health planning effort, strategic planning does not appear to be at the core of the Board of Mental Health’s management strategy, nor could it be without key changes in orientation and available information. There is little evidence that the planning process properly focuses the board on data needed to identify and prioritize critical issues and policy challenges. Rather, the board’s focus is on administrative details and issues of program implementation.

While the board's minutes properly reflect a concern with the stability and health of current programs, there is less evidence of visionary, future-focused concerns. The board has not aggressively sought plans for reallocation of resources to meet emerging needs in addition to efforts to seek additional funding to meet those needs. While the current process may ensure that the Department of Mental Health will reach the community it intends to serve in the ways that have been established and are traditional, it does not question the composition or mode of service for possible needed change.

Also, it appears that the board has authorized programs that could be marginal to its mission while allowing the development of community-oriented programs to fall behind. This seems to evidence the possibility that the board currently has no identifiable process for deciding whether current or proposed programs and services fall within its mission, allowing the department to be pushed in directions that fragment its mission and increase competition for critical resources.

512. A REVIEW OF STATE ENTITIES' USE OF CONTRACT LOBBYISTS, August 12, 2008, 20 pages

In Mississippi, authority to hire contract lobbyists varies by type of state entity. State agencies must determine whether their enabling legislation contains the authority for them to hire contract lobbyists. State law and policy of the Board of Trustees of Institutions of Higher Learning require that the board determine whether contractors for individual institutions may lobby. An Attorney General's opinion allows community and junior colleges to use public funds to pay their presidents' association to hire lobbyists.

Regarding the amount of public funds state entities spent for contract lobbyists during the last five years, according to information on file at the Secretary of State's Office, state agencies and institutions of higher learning spent approximately \$1,293,586 in public funds for contract lobbyists during calendar years 2003 through 2007. However, because lobbying expenditures are self-reported and because lobbying by the community and junior college presidents' association removes those institutions from direct reporting of lobbying expenditures, all expenditures for lobbying paid with public funds are not presently being captured.

The practice of state entities' using public funds for contract lobbyists raises a stewardship concern in that state entities are using taxpayers' money to lobby when those entities' managers have the expert knowledge to respond to any information needs that the Legislature might have. In such cases, the use of a contractor to do what veteran executive-level employees should be competent to do constitutes a waste of the state's scarce resources. The money used for contract lobbyists could be used for ongoing programs and services.

513. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2008, 192 pages

514. AN EVALUATION OF MISSISSIPPI'S MEDICOLEGAL DEATH INVESTIGATION PROCESS, September 15, 2008, 30 pages

Mississippi's medicolegal death investigation system has evolved from a purely local system to a mixed system in which local officials and a central State Medical Examiner's Office share authority. State law makes the State Medical Examiner the state's expert in forensic death investigations. Under the Mississippi Medical Examiner Act, the State Medical Examiner must be a

physician board-certified in forensic pathology. The State Medical Examiner is to have authority over physician county medical examiners and non-physician county medical examiner investigators and responsibility for medicolegal death investigation training and rule promulgation.

PEER found that because of the long-time vacancy in the position of State Medical Examiner (since 1995), an insufficient number of staff, and underfunding of the office, the State Medical Examiner's Office has not been able to ensure that all of its statutory responsibilities have been addressed.

- Since 1995, designated pathologists have been performing all autopsies referred to a medical examiner. No state-level oversight of these designated pathologists has been exercised since 1991.
- The office's staff currently does not have the medical expertise to review the reports filed by local medical examiners.
- The office has not effectively fulfilled some of its recordkeeping duties—specifically, reconciliation of local medical examiners' death reports with death certificates from the Department of Health—because some county medical examiners/investigators do not file necessary documents with the office.
- Because the State Medical Examiner's position is vacant, the office has not technically complied with the statutory requirement for the State Medical Examiner to perform autopsies when deaths occur in the correctional system.

The lack of a State Medical Examiner or adequate staffing impairs the state's ability to ensure that issues surrounding deaths affecting the public interest are resolved competently. Also, several sections of the MISSISSIPPI CODE addressing the authority of the State Medical Examiner are unclear as to the office's authority in critical areas of death investigation.

515. AN ACCOUNTABILITY ASSESSMENT OF THE MISSISSIPPI TECHNOLOGY ALLIANCE, October 14, 2008, 76 pages

The Mississippi Technology Alliance (MTA) was created as part of the state's strategy to provide high-technology products and services for a global market, resulting in more high-paying jobs. Programs and services are delivered through three programmatic centers, each with its own respective goals designed to help achieve MTA's mission.

MTA's funding comes from a combination of state, federal, and private sources. MTA received approximately \$2.8 million in state funds in FY 2008. While the majority of MTA's 2008 federal and private funding was expended directly for programs and services, approximately thirty-nine percent of its FY 2008 expenditures from state funds were in the General and Administration category.

PEER found that the Mississippi Technology Alliance has a need for additional accountability measures, both for efficiency and effectiveness. MTA's current efficiency measures do not contain a complete estimate of return on investment and MTA does not collect the data needed to assess duplication of effort with other entities. Also:

- specific objectives are not present for every state-funded program;
- every program is not included in MTA's strategic planning, accounting, and performance measurement systems;
- data collection systems are incomplete; and,
- MTA does not measure its progress toward statewide economic development goals established in its own Innovation Index.

Based on these observations, PEER concludes that MTA has not had a data collection/reporting system in place to produce the information needed to monitor programs. Thus a third party such as the Mississippi Development Authority, the Legislature, or the public cannot determine whether MTA expends state funds efficiently or effectively.

516. AN ANALYSIS OF THE ALLOCATION OF FY 2009 STATE SUPPORT FUNDS TO MISSISSIPPI'S INSTITUTIONS OF HIGHER LEARNING, November 11, 2008, 71 pages

In FY 2004, the Board of Trustees of State Institutions of Higher Learning (IHL) adopted a new funding formula for allocating state support funds to the state's eight public universities. The formula, primarily based on instructional costs by discipline and level of education, was implemented gradually from FY 2005 to FY 2008. In FY 2009, IHL began to apply the formula to the full amount of general fund support allocated to the universities (less legislative mandates and board initiatives). However, because full implementation of the formula would have resulted in significant immediate funding reductions for some universities, IHL decided to pro-rate the funding adjustments over six years to give universities more time to react to funding changes.

After deducting funds for separately budgeted units, legislative mandates, and board initiatives, IHL allocated \$385,873,404 in state support funds to the universities for FY 2009, representing approximately 13% of IHL's total operating budget for that fiscal year. Five of the eight universities received lower allocations from the funding formula for FY 2009 than for FY 2008 (with differences ranging from \$10,129 to \$175,886 less), two universities received the same amount, and one university received approximately \$1.8 million more for FY 2009.

IHL's use of the funding formula to allocate state support funds to the universities represents a potential improvement over the method that was in place prior to FY 2005. However, IHL's current implementation of the funding formula raises concerns regarding fairness, including:

- using weights (for weighted student credit hours) and allowances (for Predicted Space components) that have not been validated for Mississippi;
- using two different dollar values for weighted student credit hours for the state's universities;
- a method for predicting library space that regularly overestimates space;
- a method for predicting research space that allows two options with significantly different results; and,
- retaining a per full-time equivalent basis for determining eligibility for the Small School Supplement.

Also, IHL's lack of uniformity in defining an "underfunded" university for the rebalancing process creates confusion and results in the potentially contradictory requirement of having "underfunded" universities yield resources to other universities.

517. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2008 COST PER INMATE DAY, December 9, 2008, 24 pages

For Fiscal Year 2008, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$49.13, including debt service for a facility. FY 2008 costs per inmate day for individual security classifications were as follows: minimum security, \$46.76; medium security, \$43.75; and maximum security, \$91.93. MDOC's FY 2008 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$59.20 for medium security and \$94.03 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

518. ENTERPRISE MISSISSIPPI: A VISION FOR STATE GOVERNMENT, December 9, 2008, 196 pages

519. MISSISSIPPI'S CHILDREN'S HEALTH INSURANCE PROGRAM: A POLICY ANALYSIS, December 10, 2008, 121 pages

The Children's Health Insurance Program (CHIP) is a joint federal/state program funded primarily through a block grant from the federal government that is based on the number of children in low-income families, the number of those children who are uninsured, and the state cost factor. The federal government provides the majority of the funding for the program through an enhanced federal match rate, which was 83.4% for Federal Fiscal Year 2008.

States have the authority to design their own CHIPS. Mississippi law sets out minimum requirements for the state's CHIP and authorized a CHIP Commission to set up the structure of the program. The CHIP Commission recommended that Mississippi's Children's Health Insurance Program operate as a separate, fully insured program under the direction of the State and School Employees' Health Insurance Management Board. The Division of Medicaid also has CHIP responsibilities and the division's officials are ultimately held responsible by the federal Centers for Medicare and Medicaid Services for program administration and oversight.

Mississippi operates a separate CHIP that provides benchmark equivalent "plus" coverage, which means that Mississippi's CHIP provides all of the benefits provided by the benchmark plan (i. e., the State and School Employees' Life and Health Plan), as well as additional benefits (e. g., dental and vision coverage).

The current CHIP insurer, Blue Cross Blue Shield of Mississippi (BCBSMS), was selected through a competitive bidding process. The current agreement allows the insurer to operate similar to a third-party administrator. BCBSMS is allowed to set aside a portion of premiums paid by the state for administration and then

pay claims out of the remaining amount. If the amount of claims paid out is more than the set-aside amount of the premium, BCBSMS is allowed to recover that amount.

From January 2004 through June 2008, the total cost of Mississippi's CHIP was approximately \$605 million, with the federal government contributing \$505 million and the state contributing approximately \$100 million. The cost of CHIP varies yearly and depends largely on the premium rate structure charge by the insurer.

PEER believes that Mississippi's CHIP has opportunities for cost savings that the state has not yet achieved, including restructuring benefits, increasing cost sharing, implementing prescription drug cost containment measures, and implementing enrollment controls.

Given that no clear best practice model for a state CHIP emerged from a national survey and PEER's own survey of selected states and given that Mississippi's present contract with BCBSMS ends December 2009, PEER recommends that the state issue a request for proposals for a new service delivery structure to be effective for 2010. This structure should incorporate PEER's recommended cost savings measures and changes in contract terms.

520. A REVIEW OF THE DEPARTMENT OF TRANSPORTATION'S SCHEDULING OF PROJECTS FOR SELECTED HIGHWAY CONSTRUCTION AND MAINTENANCE PROGRAMS, January 30, 2009, 67 pages

The Vision 21 Program, passed in the 2002 Regular Session of the Mississippi Legislature, is a \$3.6 billion highway construction program that upgrades existing highways or builds new highways where they are needed. The Vision 21 Program legislation requires the Mississippi Department of Transportation (MDOT) to let all projects contained in phases I, II, and III of the

1987 Four-Lane Highway Program prior to or concurrent with letting projects for the Vision 21 Program. State law also requires MDOT to prioritize all other Vision 21 projects based on a needs

analysis, which includes determination of the year of need for each highway segment--i. e., the year that it will reach an unacceptable level of service and the volume to capacity ratio and daily traffic volume of each road segment. MDOT is required to review the priority schedule annually to determine whether it needs revision.

Prior to November 2008, MDOT did not "construct, upgrade, or improve" Vision 21 highway segments in accordance with such a schedule, but allocated funds to highway districts based primarily on traffic volume within each district. However, factors affecting the prioritization of highway construction projects (e. g., provisions in state law regarding the utilization of federal funds and acceleration of projects related to economic development) inhibit the department's ability to advance highway construction projects purely on a statewide, needs-based priority system.

Regarding MDOT's selection and funding of highway maintenance projects, the department collects quantifiable engineering data on the maintenance needs of highway segments. However, the department prioritizes highway maintenance projects by district and allocates funding based on total vehicle miles traveled within each district, rather than on the basis of statewide, prioritized maintenance needs. In contrast, the Department of Transportation uses a statewide, needs-based prioritization method to select state highway bridge replacement projects.

According to records provided by MDOT, the department used all but approximately \$105 million of the Emergency Relief funds received from the Federal Highway Administration on

the construction and completion of Hurricane Katrina-related projects. The remaining approximately \$105 million in funds may be drawn upon to complete any remaining projects related to Hurricane Katrina.

521. MISSISSIPPI STATE UNIVERSITY'S ACQUISITION OF SELECTED CONSTRUCTION CONTRACTS, FY 2006 TO PRESENT, June 9, 2009, 57 pages

Managers at Mississippi's universities face numerous challenges in planning and implementing campus construction work. Universities must consider funding and accompanying timelines, as well as the campus environment in relation to the academic calendar. Universities must also comply with state purchasing laws and policies of the Board of Trustees of State Institutions of Higher Learning regarding acquisition of construction services.

In FY 2006, managers from the Mississippi State University (MSU) Department of Facilities Management and the Office of Procurement and Contracts began using alternative methods to accomplish several small-scale construction efforts on campus. This was in response to the managers' belief that the state's bid laws inhibited the university's attempts to meet its construction needs in a timely manner. Subsequently, local construction contractors and some legislators questioned the legality and fairness of these methods and requested that PEER conduct this review.

PEER found that some of MSU's methods of acquiring construction services for small-scale projects from FY 2006 to FY 2008 did not comply with state law or circumvented state law. In FY 2008, managers began using term contracts for small-scale construction projects. These term contracts complied with state law, but were flawed in that they did not allow determination of the lowest and best bidder and subjected the university to potential difficulties in controlling costs. By August 2008, MSU

managers had ceased using term contracts and were using competitive methods of acquiring construction services that ensured that contracts were awarded to the lowest and best bidder.

The report provides recommendations for ways to reduce the restrictions on university procurement practices for construction services, yet also maintain a fair and competitive environment in which contractors may compete for university construction projects.

522. GAMING REGULATION IN MISSISSIPPI: A PROGRESS REPORT, August 11, 2009, 107 pages

The Mississippi Gaming Commission (MGC) is responsible for regulating casino gaming in the state. The state's casino environment has been impacted by the recent amendment to state law that allows expansion of casino operations and by a shift to more sophisticated technology on the casino floor. Also, Hurricane Katrina and the downturn in the economy have impacted what were increasing gaming revenues in the state.

Since its last review of the MGC in 2001, PEER has found improvements in the commission's regulation of casino gaming (e. g., thoroughness and documentation of Corporate Securities investigations, timely issuance of work permits, frequency of compliance audits). However, MGC still has an insufficient Operations Manual for the Compliance Division, no formal inspection program for casinos, inadequate training for enforcement agents, a flawed management information system for enforcement, no unannounced inspections of electronic gaming devices, insufficient technical expertise at the district level, and no written criteria for the approval/modification of table games. Also, the MGC has not yet performed a cost/benefit analysis of the

socioeconomic risks of casino gaming in Mississippi.

The MGC also regulates the state's charitable bingo operations, which have declined in Mississippi as casino gaming has become more popular. While there have been few recent changes to the charitable gaming environment, changes to the Charitable Bingo Law have benefited both charities and the MGC.

While data indicates that charitable bingo operations potentially contribute more to the charities they support than in the past, state law does not adequately address the charity fraud risk because it does not authorize the Gaming Commission to track the flow of funds to determine that charitable causes are being supported. Also, the commission lacks written policies for granting licenses of varying lengths, as well as a database to track pertinent information related to bingo hall inspections.

The Legislature's elimination of general fund support for the MGC for FY 2010 reflects a shift in public policy regarding the industry's regulation. The commission must now support regulatory activities through special funds and the casino gaming industry can reasonably be expected to bear the financial responsibility for regulation. The MGC should use this opportunity to bring the casino gaming regulatory structure to a level commensurate with changes in the industry.

523. A REVIEW OF ALLEGATIONS CONCERNING OPERATIONS OF THE MISSISSIPPI UNIVERSITY FOR WOMEN FOUNDATION, INC., August 11, 2009, 103 pages

The Mississippi University for Women Foundation was incorporated in 1965 as a nonprofit corporation under the laws of Mississippi for the sole purpose of securing private endowment funds to aid in development of the university's educational and research programs.

PEER received complaints concerning operations of the foundation and concluded the following:

- The foundation is not in violation of the Internal Revenue Code or IHL bylaws by allowing university staff to serve on the foundation's board of directors and serve as the President of the Foundation.
- With respect to transparency of operations, while the foundation has made recent improvements regarding transparency through publication of an annual report and creation of a website, it should make additional information publicly available regarding its operations in order to ensure accountability to its donors and the general public.
- While circumstantial evidence surrounding the foundation's approval and execution of a line of credit could create an appearance of impropriety, the MUW Foundation did not violate federal or state laws prohibiting private benefit or conflict of interest in obtaining a line of credit from a bank that employed a member of the foundation's board of directors.
- The foundation did not violate restrictions on lobbying contained in the Internal Revenue Code because firms performing marketing and public relations work for the university did not attempt to influence legislation currently under consideration.
- While the foundation provides a portion of its unrestricted funds to the university for general assistance, these funds should not be considered a "slush fund" because they are not completely unregulated or used for illicit purposes. However, the foundation has been lax in its exercise of controls over these funds.
- Although no evidence shows that the foundation has used funds from

specific restricted or endowed accounts for purposes not compliant with donor intent, the foundation pledged funds in the restricted and endowed accounts as collateral for a line of credit. By pledging these funds as collateral, the foundation imperiled restricted and endowed funds and risked breaching its fiduciary duty. Further, the foundation used \$1.4 million from these accounts to cover a deficit in unrestricted funds for an extended period. The deficit resulted from allowing unrestricted fund expenditures to exceed unrestricted fund revenues for seven of the last eight fiscal years.

524. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2009, 199 pages

525. MISSISSIPPI'S COMPLIANCE WITH THE AYERS SETTLEMENT AGREEMENT, September 8, 2009, 30 pages

In 1975, Jake Ayers, the father of a student at one of Mississippi's historically black universities, commenced a class action suit directed against the State of Mississippi and its university system. The suit alleged that the State of Mississippi operated a dual system of universities that discriminated on the basis of race and was thereby unconstitutional under the Equal Protection Clause of the United States Constitution. This litigation came to an end approximately thirty years later with the adoption of a Settlement Agreement that set out the state's duties with respect to the enhancement of programs and facilities at the three historically black institutions.

This report focuses on whether the state and its institutions of higher learning have complied with the terms of the Settlement Agreement and whether the state has provided resources for programs and infrastructure as set out in

the Settlement Agreement. PEER found that:

- Regarding the Legislature's responsibility, because the plaintiffs' appeal was not dismissed until almost three years after the date on which the United States District Court entered final judgment in the matter, the Legislature's implementation of the Ayers settlement was delayed. Consequently, some funding has not been appropriated or distributed in accordance with the schedule set out in the agreement.
- Regarding the responsibility of the Board of Trustees of State Institutions of Higher Learning (IHL), IHL has implemented capital projects and educational programs in conformity with the Settlement Agreement.
- Interest from the public and private endowments has been distributed in accordance with the Settlement Agreement. PEER notes that the private endowment has not reached the amounts anticipated by the Settlement Agreement and thus has generated less interest than anticipated.

526. A REVIEW OF THE STATE TAX COMMISSION'S METHODS FOR EVALUATING THE ACCURACY OF PROPERTY APPRAISALS, September 8, 2009, 39 pages

Property taxes are calculated based on assessed value of property, which is a function of that property's appraised value. The state's system of property taxation involves estimation of a property's value and taxation of equal proportion for all taxpayers within a taxing district based on the estimated value of their properties.

The Mississippi State Tax Commission (MSTC) is responsible for the equalization of land rolls between counties. MSTC's duty is to examine the assessed valuations of each county in order to determine whether the assessed valuation of any class of property in one county is not equal to or uniform with the assessed valuation of the same class of property in the other counties and to determine whether any class of property in any county is assessed contrary to law.

According to the State Tax Commission's most recent determination, seventy-seven of the state's eighty-two counties appraise Class I property (i. e., single-family, owner-occupied, residential real property) accurately and these property values are equalized. However, if the commission were to adopt more stringent standards for appraisal accuracy and equalization, such as those suggested by the International Association of Assessing Officers, nearly half of Mississippi's counties would not be in compliance and thus property values are not equalized according to industry norms.

Each real property audit consists of a review of close inspections of real property parcels, a cost index study, and a sales ratio study, which is the principal tool for measuring the appraisal performance of a county. The reliability of sales ratio studies is vulnerable due to necessary reliance on sales files, which may contain very limited sales data, may include inappropriate or unethical selection of sales data, and base compliance on very broad parameters.

527. OPPORTUNITIES FOR THE MISSISSIPPI FAIR COMMISSION: A BLUEPRINT FOR THE FUTURE, November 10, 2009, 59 pages

The Commissioner of Agriculture and Commerce, acting in his capacity as chair of the Mississippi Fair Commission, requested that PEER review the commission's management of state-

owned facilities and offer a strategy for strengthening those facilities' revenue-producing capabilities. He noted that the environment in which the Fair Commission attempts to attract events has become more competitive within the last decade, with similar types of facilities that are newer and equipped with more advanced technology. In making his request, the Commissioner also noted that the Fair Commission is a 100% special fund agency--i. e., it generates its own funding and receives no general funds from the Legislature for day-to-day operations.

The Fair Commission's assets include five major revenue-producing facilities that generate revenue primarily through rental fees and concession sales. The remaining facilities are support facilities necessary to produce events at the major facilities as well as support the State Fair and Dixie National Rodeo. While the Mississippi Fair Commission routinely hosts events that support its statutory mission, the majority of the revenue-producing events held on the fairgrounds complex do not directly support its statutory mission. The commission primarily relies on repeat business from promoters and its controls over contractual employees are insufficient to safeguard its revenues.

For fiscal years 2007 through 2009, the Fair Commission had event-days on which the commission's facilities were not in use--i. e., residual capacity--and additional events could have been scheduled. When filling its residual capacity, the Fair Commission should endeavor to schedule events with the highest profitability potential.

PEER provides a strategy in the report that includes suggested actions that the Fair Commission could take to advance its mission, improve its internal controls, and improve its data collection for asset utilization. Four key actions that PEER proposes to increase utilization and maximization of assets are: develop a comprehensive strategic plan, develop a marketing plan and designate a marketing director, improve the quality

of financial information, and consider additional revenue-producing opportunities. The report also identifies specific revenue-producing opportunities for the commission's consideration.

528. THE DIVISION OF CHILD SUPPORT ENFORCEMENT: AN OPERATIONAL REVIEW OF THE COLLECTION AND DISTRIBUTION OF CHILD SUPPORT PAYMENTS, November 10, 2009, 64 pages

The Mississippi Department of Human Services' Division of Child Support Enforcement collects child support payments from noncustodial parents and disburses them to the custodial parents to be used for the care and support of the child(ren) in their legal custody.

After receiving a complaint by a noncustodial parent regarding the division's accounting for child support payments, PEER reviewed the division's process for receiving and accounting for such payments. Because most child support payments flow through the division's Central Receipting and Disbursement Unit (CRDU) and because of the amount of employee involvement associated with the unit's procedures (thus increasing the potential for error and/or fraud), this report focuses primarily on payments processed through the CRDU.

Federal regulations require the CRDU to disburse child support to the custodial parent's preferred payment option within two business days of receipt. In PEER's statistical sample of child support payments received by the CRDU from June 1, 2008, through May 31, 2009, seventy-five percent of child support payments met the mandate of two business days, which is in compliance with minimum federal standards. However, the CRDU has managerial and operational problems, such as segregation of duties conflicts and problems with billing of employers for

income withholding, that could potentially disrupt the CRDU's distribution of payments to custodial parents.

The division's managerial and operational problems outside the CRDU, such as the accuracy of input of child support obligation information into METSS, also impact the timely and accurate distribution of child support payments.

529. A REVIEW OF THE DEPARTMENT OF FINANCE AND ADMINISTRATION'S SITE SELECTION PROCESS FOR THE RELOCATION OF THE MISSISSIPPI CRIME LABORATORY, November 9, 2009, 26 pages

PEER determined that the actions of the Department of Finance and Administration (DFA) were not in conflict with House Bill 1010, 2007 Regular Session, in regard to selection of a site for the Mississippi Crime Laboratory. DFA selected a site on state-owned property that would accommodate future relocation of other Department of Public Safety offices, as well as future relocation of the State Tax Commission, while improving the infrastructure of existing state agencies in the area. DFA's actions represented a reasonable long-term approach for utilizing state resources.

Regarding whether privately owned land could have been acquired for the site of the crime laboratory, House Bill 1010, 2007 Regular Session, does not contain a provision allowing the acquisition of privately owned land as a possible site. Land other than state-owned land leased from the Department of Mental Health for relocation of the crime laboratory would require additional legislative action for approval.

Regarding whether subsequent legislation passed in 2009 opened the process to selection of a site from one of three counties, House Bill 1722, 2009 Regular Session, does open the site

selection process to the selection of a site from three counties, rather than from one county. However, the process that DFA used to select the site for the crime laboratory was completed prior to the passage of House Bill 1722, 2009 Regular Session.

If the Legislature intends for DFA to undertake a site selection process that encompasses both public and private land in the three counties specified in House Bill 1722, 2009 Regular Session, then the process would need to be reopened. The process would need to include a request for proposals that defines specific site selection criteria for the relocation of the central office of the Mississippi Crime Laboratory and the State Medical Examiner. However, such a process would incur additional costs, both in terms of time and resources, and might ultimately result in the selection of the same site that DFA has already identified for the relocation. Given the urgency of the need for a new crime laboratory, both the Department of Finance and Administration staff and the Commissioner of the Department of Public Safety are anxious to proceed with construction of the facility on the chosen site.

530. BENEFITS AND LIMITATIONS OF AN ALL PATIENT REFINED-DIAGNOSIS RELATED GROUPS INPATIENT HOSPITAL SERVICES PAYMENT METHOD FOR MISSISSIPPI MEDICAID PATIENTS, December 8, 2009, 35 pages

House Bill 71, Second Extraordinary Session of 2009, requires that the Mississippi Division of Medicaid develop and publish a set of reimbursement rates that are at least equal to those allowed under Medicare for the identical or closely related Medicare Diagnosis Related Groups (DRG) rate. The bill also requires the PEER Committee to report to the Senate Public Health and Welfare Committee and the House Medicaid Committee on the benefits and liabilities

of moving to a Medicaid DRG method of reimbursement.

After comparing the methodologies and the impact of the rate schedules of the current Medicaid cost-based per diem payment method, the Medicare DRG payment method, and the All Patient Refined-Diagnosis Related Groups (APR-DRG) payment method (which was recommended by the division's contractor, ACS State Healthcare), PEER concluded that the state should adopt the APR-DRG inpatient hospital services payment method. PEER believes that this method has the potential to improve access to care, reward hospital efficiency, increase fairness to hospitals, improve purchasing clarity of hospital services, and reduce the administrative burden on the Division of Medicaid and hospitals. Funding must remain sufficient to ensure reasonable reimbursement of provider costs to ensure that Medicaid beneficiaries have adequate access to medical services.

PEER believes that although a budget-neutral payment method is acceptable for introduction of an APR-DRG payment method, it must be maintained and updated on a regular basis to meet federal guidelines and ensure that payments are reasonable and access to care is adequate.

Any payment method will favor some providers over other providers regardless of the payment methodology used. The best interests of Mississippi's Medicaid program as a whole should outweigh individual provider interests.

531. REGULATION OF PUBLIC UTILITIES IN MISSISSIPPI, December 8, 2009, 35 pages

The current regulatory structure for public utilities in Mississippi consists of the Public Service Commission (a quasi-judicial and rule-making agency) and the Public Utilities Staff (a separate entity that is responsible for conducting investigations and collecting information pertinent to the regulation of public utilities).

During the 2009 legislative session, questions arose regarding the need for additional staffing for the Public Service Commission and the appropriate funding levels for both the commission and the Public Utilities Staff. House Bill 1, Third Extraordinary Session of 2009, directed the PEER Committee to study the regulation of public utilities and the best practices utilized by other states in the regulation of utilities.

Several provisions of state law require the Public Utilities Staff to provide advisory services to the Public Service Commission. In most instances, the law neither prohibits nor impairs the staff from providing the commission with recommendations on matters before the commission or informal support on matters within the commission's jurisdiction. Records of the Public Utilities Staff show that the staff provides guidance and support to the commission in carrying out its mandated functions.

PEER found no "best practices" for the structure of a regulatory program for utilities and found no single source that advocates either a separate staff or a combined staff and commission structure. Consequently, it appears that the unique needs and requirements of each state must be given priority in deciding how to structure a regulatory program.

PEER sees no need to change the current structure of the Public Utilities Staff and the Public Service Commission. After reviewing the operations of other states that have separate, independent public utilities staffs, PEER sees a limited role in Mississippi for commission-directed professional staff that would not result in impairment to the functions of the independent staff.

532. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2009 COST PER INMATE DAY, December 8, 2009, 20 pages

For Fiscal Year 2009, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$49.18, including debt service for a facility. FY 2009 costs per inmate day for individual security classifications were as follows: minimum security, \$44.39; medium security, \$42.30; and maximum security, \$97.67. (For purposes of this audit, *maximum security* is defined as Building A of Unit 32 at Parchman penitentiary.) MDOC's FY 2009 costs per inmate day for security classifications in a 500-bed psychiatric correctional facility were \$58.53 for medium security and \$100.50 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

533. A LIMITED MANAGEMENT REVIEW OF THE DEPARTMENT OF EMPLOYMENT SECURITY AND THE ADMINISTRATION OF THE WORKFORCE INVESTMENT ACT, December 8, 2009, 88 pages

Mississippi's workforce investment system is a collaborative effort of key players at the state and local levels. The Department of Employment Security (MDES), designated by the Governor as the state Workforce Investment Act Administrator, receives federal funds from the U. S. Department of Labor and allocates them to the state's workforce areas in accordance with a federally approved formula. MDES also monitors the performance of workforce areas and submits progress reports to the Department of Labor.

In response to federal legislation in 1998, Mississippi consolidated its employment service programs into a one-stop delivery system. In 2004, state legislation dissolved the Mississippi Employment Security Commission and reformed it as the Mississippi Department of Employment Security. The role of MDES is to serve as the interface for employers, jobseekers, and workforce development partners.

Available data shows that the state's workforce investment system has become more efficient since 2001, serving significantly more participants with fewer employees. These efficiency gains are partially attributable to improved customer service and public access through implementation of one-stop service sites and online service delivery systems. Regarding effectiveness, while the state's workforce investment system has met most federal performance standards since 2001, the state has experienced a decline in the rate of participants entering employment (probably due to the significant increase in the number of participants served) and a slight decline in the retention rate for those participants entering employment.

While the service delivery structure for filing unemployment insurance claims has shifted from "in person" at the WIN Job Centers to a more automated process at the MDES Call Centers, PEER could not determine that this shift in service delivery has had a negative impact on customer service or public access to the unemployment insurance program.

PEER recommends that MDES strengthen internal strategic planning, provide increased quality control of data validation at the WIN Job Centers, and provide more comprehensive performance reporting in regard to efficiency and effectiveness measures.

534. AN ANALYSIS OF THE DIVISION OF MEDICAID'S PROJECTED FISCAL YEAR 2010 CASH SHORTFALL, AS OF MARCH 29, 2010, April 20, 2010, 33 pages

State law requires that the Division of Medicaid (DOM) report any projected shortfall to the PEER Committee and that PEER review the computations of the division and report its findings to the Legislative Budget Office. On March 11, 2010, the Division of Medicaid (DOM) notified PEER that the state's Medicaid program had an estimated FY 2010 projected cash flow shortfall of \$14.6 million, an estimate that the division had prepared as of February 22, 2010. The DOM updated this projection on March 29, 2010, and revised the estimate to a projected cash flow shortfall of \$14.3 million. These cash flow projections refer to the state matching funds required for the Medicaid program and do not include federal program dollars.

PEER acknowledges that unexpected items and items contingent on future decisions may have a significant impact, either positive or negative, on the DOM's budget and on cash flow projections. Overall, the Division of Medicaid's method of estimating cash flow projections is sound and reasonable, given available information. However, PEER believes a more rigorous approach

is needed for estimating medical services expenditure increases for the remaining months of any given fiscal year. Also, the division does not perform projections on a predetermined schedule or on the same day of each month.

To address the projected \$14.3 million shortfall, DOM has proposed reducing payments to Medicaid providers and collecting assessments from hospitals, taking additional administrative reductions, and collecting unpaid assessments of long-term care facilities.

535. A SURVEY OF STRATEGIES FOR ENFORCEMENT OF DRUG LAWS IN MISSISSIPPI, April 13, 2010, 93 pages

State law gives the Mississippi Bureau of Narcotics enforcement of the state's Uniform Controlled Substances Law as its sole responsibility. State law also assigns responsibility for enforcing the act to "all sworn peace officers of the state"--e. g., county sheriffs and municipal law enforcement. The Legislature is concerned that law enforcement entities may not be working cooperatively to advance state and federal drug control and enforcement policies.

PEER surveyed individuals who serve central roles in Mississippi drug law enforcement to determine the opinions that they hold regarding working with each other to enforce such laws. From this survey, in addition to background research, PEER determined the following:

- The strategies for Mississippi's drug control efforts are determined on both a national and state level. The Office of National Drug Control Policy establishes the nation's drug control program. The annual Mississippi Bureau of Narcotics Drug Threat Assessment identifies the most significant criminal drug activity and drug

threats faced by law enforcement and the citizens of Mississippi.

- Overlapping jurisdictions and relationships create challenges for drug law enforcement in Mississippi. Although PEER's survey of individuals involved in drug law enforcement showed that challenges exist in certain areas, survey respondents believe that these challenges could be overcome with strategies to promote collaboration through communication, trust, and information sharing.

PEER makes recommendations to address challenges noted by survey respondents regarding law enforcement entities' collaboration, training, reporting, asset seizures and forfeitures, equipment resources, and overcoming jurisdictional and relationship issues.

536. A REVIEW OF THE BOARD OF PHARMACY, July 21, 2010, 54 pages

PEER determined that an essential need exists for regulation of the pharmacy profession in Mississippi. Although the Board of Pharmacy is responsible for fulfilling this need, some components of the board's licensure and registration and compliance operations may place the public at unnecessary risk:

- *Licensure and registration*-- Although state law requires that applicants for pharmacist licensure and pharmacy technician registration "be of good moral character," state law and the board's rules and regulations do not contain formal, written criteria for this requirement. Also, because the board's jurisprudence examination is not properly developed or administered, the board cannot ensure that applicants have sufficient knowledge of state pharmacy

laws and regulations to practice pharmacy.

- *Compliance*--State law confers the authority of sworn law enforcement officers on compliance agents even though their job description does not require this authority. State law does not require compliance agents to complete minimum standards training for firearms and the board is not in compliance with its own policies regarding firearms training. Thus compliance agents who carry firearms could potentially cause or incur injuries because they are not properly trained and could potentially place the state in a position of liability for their actions.

Regarding administrative issues, the board does not have formal, written policies for its administrative or licensing functions and has not established an agency-wide internal training program. Also, the board has paid per diem and expenses to a gubernatorial appointee to the board who was not confirmed by the Senate during the 2010 legislative session. Because that seat on the board is legally vacant, these expenditures would appear to have no basis in law.

537. A REVIEW OF THE PROCESS USED BY THE HEALTH INSURANCE MANAGEMENT BOARD IN 2009 TO PROCURE INSURANCE COVERAGE FOR MISSISSIPPI'S CHILDREN'S HEALTH INSURANCE PROGRAM, July 21, 2010, 56 pages

In early 2009, the State and School Employees Health Insurance Management Board began a process to procure insurance coverage for Mississippi's Children's Health Insurance Program (CHIP) upon expiration of the previous policy. The board received proposals from three companies for insurance coverage for the period of January 1, 2010, to December 31, 2013. The PEER

Committee commenced this review of the procurement process in response to a complaint that was received shortly after the board voted in June 2009 to select UnitedHealthcare by Americhoice.

In procuring CHIP insurance coverage, the board complied with applicable state regulations by developing a formal request for proposals, by publicly issuing and advertising the request for proposals, and by receiving and opening proposals in a manner that maintained the confidential integrity of the proposals. However, PEER found that the board did not have a disciplined, equitable process of evaluating proposals and selecting a proposer. At critical points during the process, the board lacked evaluative criteria, treated some proposers differently from others, had no operationally defined standards for point values awarded to proposers, or lacked documentation. As a result, the board's process was not fully objective and transparent, thus creating the appearance that the board did not make its award decision objectively.

The board complied with state regulations by notifying all proposers of its award decision. However, the board did not conduct debriefings with proposers that were not selected to provide insurance coverage.

538. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2010

539. OPPORTUNITIES FOR IMPROVING THE ACCOUNTABILITY OF THE MISSISSIPPI DEPARTMENT OF EDUCATION, September 14, 2010, 139 pages

The Board of Education requested that the PEER Committee conduct a review to seek opportunities on how to hold the Mississippi Department of Education accountable to the board. PEER determined that the Board of

Education's ability to hold the department accountable is affected by federal and state mandates, the way that accountability tools are used, and changes in educational standards and programs.

The report provides a list of opportunities for improving the accountability of the department. These suggested opportunities may be summarized as follows:

- *federal and state mandates*--operationally define mandates and advocate for unified reporting mandates based on meaningful outcome measures;
- *accountability tools*--refocus the Office of Educational Accountability, improve strategic planning, identify what measures and activities are under the department's direct control versus the control of external entities, link resource allocation to the strategic plan, assess staffing patterns periodically, improve reporting of expenditures for contract staff, apply principles of performance-based contracting, improve the quality of performance measures, utilize grant funding for development of a statewide longitudinal data system, use research on outcome measures to demonstrate overall effectiveness of programs, produce multi-year trend reports, and use a "data dashboard" to inform the board; and,
- *changes in educational standards and programs*--focus on developing a performance management capacity supported by a full complement of sound measurement tools.

The report provides details for implementation of these opportunities on pages 85 through 104.

540. A REVIEW OF FLOOD CONTROL OPTIONS FOR THE JACKSON METROPOLITAN AREA, 1979-2010, October 12, 2010, 36 pages

Since the flood of 1979, five major Pearl River flood control plans for the Jackson metropolitan area have been introduced. The earlier plans focused solely on flood control and environmental impact. However, later flood control plans have attempted to generate economic development opportunities as well.

Thirty-one years after the 1979 flood, governmental entities have not yet implemented a comprehensive flood control plan for the Jackson metropolitan area. This report recounts the developments in flood control planning since 1979 and discusses the challenges faced by the Rankin-Hinds Pearl River Flood and Drainage Control District in implementing flood control measures.

In the last three years, the district's board has considered plans utilizing levees and lakes and levees alone. Recently, the United States Army Corps of Engineers informed the district that it will resume its feasibility study of the district's flood control options. Such study would include consideration of proposals containing economic development provisions, but could possibly further delay implementation of a plan.

While the PEER Committee recognizes that the Rankin-Hinds Pearl River Flood and Drainage Control District must proceed with the plan it believes will generate the greatest benefit to the Jackson metropolitan area, good public policy would dictate that a final decision be made expeditiously and effective flood control action be taken. Once the Corps of Engineers reconsiders the again pending flood control proposals, the district must take the actions necessary to implement an acceptable plan and provide the citizens of the metropolitan

area with a long-awaited flood control program.

541. A REVIEW OF THE DEPARTMENT OF REVENUE'S ENFORCEMENT OF MISSISSIPPI'S "UNFAIR CIGARETTE SALES LAW," October 12, 2010, 19 pages

Minimum pricing laws for cigarettes are believed to promote fair trade and counteract the effects of manufacturers' discounting on consumption, thus helping to protect public health. Mississippi is one of twenty-five states with minimum pricing laws governing the sale of cigarettes.

Mississippi's "Unfair Cigarette Sales Law" does not establish a minimum price applicable to all wholesalers and retailers, but sets a minimum markup. Even when they are complying with the legally mandated pricing structure, wholesalers' and retailers' minimum prices may vary depending on their individual costs. The Department of Revenue, which is responsible for enforcing the Unfair Cigarette Sales Law, is hampered in its enforcement by an insufficient number of staff assigned to this task and by a provision of the law that allows pricing below legally mandated requirements in order to meet a competitor's price.

Three options are available for changes to Mississippi's Unfair Cigarette Sales Law: remove the "meeting competition" provision, increase enforcement efforts, or repeal the law.

542. A REVIEW OF REQUESTS FOR PROPOSALS USED BY THE DIVISION OF MEDICAID AND UNIVERSITY OF MISSISSIPPI MEDICAL CENTER TO PROCURE ELECTRONIC HEALTH RECORDS SYSTEMS, November 9, 2010, 55 pages

House Bill 941, 2010 Regular Session, required the PEER Committee to

report to the Chairmen of the Senate and House Public Health and Welfare/Medicaid committees regarding the Division of Medicaid's and the University of Mississippi Medical Center's procurement and implementation of electronic health records systems.

PEER found that the Division of Medicaid's request for proposals (RFP) fully complied with the components PEER considers to be best practices for an RFP. The division initially estimated the six-year lifecycle cost of its electronic health records and e-prescribing system at \$28.5 million; the division's consultant later projected the cost to be less than \$10 million. The division plans to use Hurricane Katrina Stabilization Grants, Medicaid Transformation Grants, ARRA funds, and its own funds to fund the expenses of the system.

While the University of Mississippi Medical Center's RFP basically complied with the components PEER considers to be best practices for an RFP, the document provided less than complete information in the areas of legal and contractual information and proposal evaluation. The medical center initially estimated the five-year lifecycle cost of its health care information system to be approximately \$50 million, but later revised the cost to be approximately \$70 million. The medical center plans to use revenues generated from patients and ARRA funds that the medical center anticipates receiving to fund the expenses of the system.

The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides more than \$19 billion to states for Medicare and Medicaid health information technology incentives over five years. Types of incentives are Medicare payments for eligible professionals, Medicare payments for hospitals, Medicaid payments for health care providers, and grants to states and state-designated entities. Because ARRA incentive payments became effective for hospitals on October 1, 2010, and will become effective for other health

professionals on January 1, 2011, it is not yet possible to know the portion of the \$19 billion in ARRA funds that Mississippi providers will receive.

543. MANAGEMENT OF MISSISSIPPI'S STATE-OWNED VEHICLES, November 9, 2010, 56 pages

Chapter 537, *Laws of 2006*, created a comprehensive vehicle management system for state agencies to be administered by the Department of Finance and Administration (DFA). PEER sought to determine whether the department's Bureau of Fleet Management has implemented a system that complies with the requirements of the 2006 law and whether the vehicle management system could be improved to be more effective and efficient. PEER determined the following:

- The information that the Bureau of Fleet Management requires agencies to maintain and/or submit regarding state-owned vehicles often lacks the detail necessary for the bureau to make critical decisions about need for a vehicle, utilization, or justification of commuter status.
- Beyond knowing to which agency a particular vehicle is assigned, the bureau does not have data with which to determine the location where that particular vehicle is assigned (i. e., to which duty station or motor pool the vehicle is assigned) without obtaining the information directly from the respective agency. Thus the bureau does not have the information it needs to manage allocation of state-owned vehicles within a geographic area based on agencies' needs.
- Protégé, the state's vehicle management software, serves as a repository for vehicle information such as operating costs and driver identification. However,

the system does not incorporate information on locations of travel, number of trips, or purpose of travel, which is the type of information necessary to manage the state's fleet effectively.

- The Board of Trustees of State Institutions of Higher Learning, exempted from the scope of the 2006 vehicle management legislation, collects information about the fleets of the individual institutions, but does not make procurement decisions or consider the appropriateness of vehicle procurements made by individual institutions.

544. A REVIEW OF THE UTILIZATION OF THE MISSISSIPPI DEVELOPMENT AUTHORITY'S BUSINESS DEVELOPMENT LOAN FUNDS, November 30, 2010, 20 pages

In general, the purpose of the Mississippi Development Authority's business development loans is to help to stimulate Mississippi's economy by fostering the growth of businesses and jobs. These incentive programs are typically offered to the private sector to assist in obtaining the necessary capital to create or expand operations. In some cases, the programs are geared toward providing assistance to governmental entities in order to stimulate economic development in their respective areas.

PEER reviewed seven business development loan programs of the Mississippi Development Authority. Of the loan programs PEER reviewed, four had annual utilization rates of approximately 28% or less between FY 2006 and FY 2010, with some years of no utilization reported. As of June 30, 2010, those four business development loan programs carried a total loan fund balance of approximately \$47.7 million.

For those underutilized programs in which state general obligation debt

remains outstanding, the debt used to create these programs has become a financial burden to the state without the intended benefits. In programs for which no further debt exists and the state's obligation to the bond holder has expired, the Legislature could utilize unspent proceeds for whatever purposes it deems prudent.

545. AN EXPENDITURE REVIEW OF THE RANKIN-HINDS PEARL RIVER FLOOD AND DRAINAGE CONTROL DISTRICT, FY 2001-FY 2010, December 14, 2010, 27 pages

Since the historic flood in the spring of 1979, five major flood control plans for the Jackson metropolitan area have been introduced, but governmental entities have not reached an agreement on implementation for a plan. While initially two state agencies, the Pearl River Basin Development District and the Pearl River Valley Water Supply District, exercised the most control over the planning, in 2001 the majority of the authority shifted to the Rankin-Hinds Pearl River Flood and Drainage Control District.

The Rankin-Hinds Pearl River Flood and Drainage Control District has operated within its budget for the past ten years. Revenues generated from Rankin and Hinds counties' millage have been spent toward the operation and upkeep of levees and flood control measures in the area, as well as for studies to support the implementation of a comprehensive flood control plan.

Between FY 2001 and FY 2010, the district expended \$1,929,453.82 in search of a politically, technically, hydraulically, and environmentally feasible flood control plan for the Jackson metropolitan area. While ideally implementation of a plan years ago could have eliminated the need for these funds to be expended, the funds used are appropriate for an entity charged with such a task, especially given the political,

legal, and environmental obstacles a flood control plan faces.

546. A REVIEW OF THE HARRISON COUNTY UTILITY AUTHORITY, December 14, 2010, 41 pages

Following the devastation of Hurricane Katrina in 2005, Governor Barbour created a commission to study and offer recommendations for the Mississippi Gulf Coast's recovery. One of those recommendations was to create an entity to manage sewer, water, storm water, and other utility services across the six Gulf Coast counties (Hancock, Harrison, Jackson, Pearl River, Stone, and George). Congress appropriated approximately \$5 billion to Mississippi for aiding the recovery effort and the Governor directed that a portion of these funds be used for utility infrastructure in the Gulf Coast counties.

The Gulf Coast Region Utility Act, passed during the 2006 Regular Session of the Legislature, created a regional utility authority and six countywide utility authorities, including the Harrison County Utility Authority (HCUA). The act gave to each utility authority the legal authority to oversee water and wastewater services in the respective counties.

The Harrison County Utility Authority funds its operations and debt service by assessing each member city and the county an amount in relation to the usage of water and sewer by citizens within its boundaries. Approved in 2007, the Mississippi Gulf Region Water and Wastewater Plan identified water and wastewater infrastructure needs and proposed utility infrastructure projects for the Gulf Coast counties. Based on the plan's population projections, the HCUA is constructing utility infrastructure capacity for a population level that Harrison County will not likely reach until far beyond the year 2025.

From May 31, 2007, through October 31, 2010, the HCUA has expended approximately \$122 million on Community Development Block Grant (CDBG) projects. Of this amount, approximately \$81 million, or sixty-six percent, was expended on construction, with the remaining approximately \$41 million expended on land, engineering services, and administrative services associated with the CDBG projects. The HCUA board approved a water tank site for one project without considering less costly alternatives, may have passed fifty-six motions without the statutorily required unanimous approval of board members, and has not periodically sought legal counsel for non-CDBG matters through a competitive process.

547. A MANAGEMENT AND OPERATIONAL REVIEW OF THE STATE PERSONNEL BOARD, December 14, 2010, 61 pages

In response to concerns regarding the impact of changes that the State Personnel Board (SPB) has recently made, PEER conducted a management and operational review, resulting in the following conclusions.

Service and Control-In response to feedback from state agencies, the SPB has implemented structural changes (e. g., creation of an Office of Human Capital/Core Processes to provide agencies with one-stop assistance) and substantive changes (e. g., creation of a pass/fail application evaluation system to expedite provision of certificates of eligibles to agencies) to make the agency less bureaucratic and more service-oriented. However, the SPB has not performed some control functions critical to the oversight of the statewide personnel system, such as controlling for personnel actions not authorized by law or auditing activities delegated to state agencies that should be performed in accordance with SPB policy.

Strategic Planning--While the SPB's executive staff made a documented effort to review the needs of state agencies as well as its own organizational structure, the agency's strategic planning process does not meet applicable best practices standards. The SPB's strategic plan does not thoroughly define environmental factors and their effects, establish overall agency goals, thoroughly develop strategies with defined action plans, or include effective performance measures suitable to the statutory mission of the agency. Also, the SPB has not developed a comprehensive strategic plan for the management of the state's human capital resources that recognizes the effects of economies of scale, internal recruitment competition between state agencies, or significant changes in the economic and competitive environment.

Internal Management--While the SPB made changes in 2009 to its organization structure, position class titles, and assignments of staff that were intended to address the service needs of state agencies, many of the changes appear to have not been in conformity with SPB's policy and practice regarding agency reorganizations and assignment of duties. Also, some of SPB's FY 2010 computer acquisitions were made without adequate information and planning that could have determined whether the agency was making the most efficient use of funds.

548. A REVIEW OF THE UTILIZATION OF SELECTED FEDERAL FUNDS DISBURSED BY THE MISSISSIPPI DEPARTMENT OF HUMAN SERVICES, December 14, 2010, 99 pages

Mississippi's planning and development districts (PDDs) and community action agencies (CAAs) are non-profit corporations created in the 1960s to assist their communities with planning and economic and community development efforts. The Mississippi Department of Human Services (MDHS)

utilizes the PDDs and CAAs to administer the delivery of social services for selected federally funded programs primarily targeting low-income residents. MDHS disbursed approximately \$142.5 million in federal program funds to PDDs and CAAs in Federal Fiscal Year 2009, primarily through the divisions of Early Childhood Care and Development, Community Services, and Aging and Adult Services.

In response to legislative concerns, PEER reviewed the amounts and purposes of federal funds that MDHS disbursed to PDDs and CAAs in Federal Fiscal Year 2009 to determine whether safeguards are in place to ensure that maximum dollars are applied to meeting service needs, to what extent service needs are being met, and whether opportunities exist for PDDs and CAAs to improve their efficiency in providing services. PEER found the following:

- While safeguards are in place over the expenditure of federal funds received by PDDs and CAAs through MDHS, these safeguards have deficiencies and do not guarantee that these funds are used as efficiently as possible to maximize the delivery of services to needy populations.
- In Mississippi, as well as nationally, only a small percentage of the potentially eligible and priority service group populations receive services through the programs included in this review.
- Despite concerns over the accuracy of some of the data on which PEER's efficiency review is based, PEER identified the potential to increase the number of persons served and units of service provided in programs included in this review.

549. BREAKEVEN ANALYSIS FOR MISSISSIPPI'S REGIONAL CORRECTIONAL FACILITIES, OCTOBER 1, 2009-JUNE 30, 2010, December 14, 2010, 10 pages

PEER contracted with the accounting firm BKD to compute a breakeven analysis for each of Mississippi's eleven regional correctional facilities—specifically, the minimum daily census of state inmates required for each regional facility to cover its fixed and marginal costs associated with housing state inmates. The period of review was October 1, 2009, through June 30, 2010. During the period of review, the state reimbursed the regional correctional facilities at a per diem rate of \$29.74. The calculation of a breakeven point only encompassed state inmates incarcerated at each facility.

The breakeven point is the level of operations at which a facility's revenues and costs are equal. Seven facilities operated at calculated breakeven points that were higher than the minimum number of inmates—ranging from 200 to 260—that the Mississippi Department of Corrections is required to provide to the respective facilities under the present contracts. Three of the facilities (i.e., Bolivar, Kemper-Neshoba, and Marion-Walthall facilities) operated with a breakeven point higher than the average daily census of state inmates incarcerated in each of the facilities during the review period. One factor contributing to this is that these facilities have higher than average operating costs.

550. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2010 COST PER INMATE DAY, December 14, 2010, 20 pages

For Fiscal Year 2010, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$48.84, including debt service for a facility. FY 2010 costs per inmate day for individual security classifications were as follows:

minimum security, \$49.79; medium security, \$42.18; and maximum security, \$104.38. (For purposes of this audit, *maximum security* is defined as Building A of Unit 32 at Parchman penitentiary.) MDOC's FY 2010 costs per inmate day for security classifications in a 1,500-bed psychiatric correctional facility were \$53.15 for medium security and \$104.08 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a "most efficient organization." When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

551. THE DEPARTMENT OF CORRECTIONS' MANAGEMENT OF COMMISSARY SERVICES AND THE INMATE WELFARE FUND, June 14, 2011, 40 pages

The Mississippi Department of Corrections (MDOC) contracts with a third party to provide commissary services for state prisons and the private correctional facilities that house state inmates. In response to a citizen's request, PEER reviewed MDOC's management of commissary services and the Inmate Welfare Fund, a statutory fund established to receive revenues (including net profits from the operation of commissary services) that are to be used for the "benefit and welfare of inmates."

Regarding MDOC's management of commissary services:

- MDOC negotiated its contract with a company from which it had previously purchased canteen goods. Because MDOC did not procure the contract competitively, it cannot assure that it receives goods of acceptable quality at the highest commission percentage possible and, ultimately, that the largest possible amount of revenue flows into the Inmate Welfare Fund.
- MDOC's contract does not ensure that the contractor sets commissary prices using a sound methodology. Thus MDOC cannot assure that the contractor charges reasonable prices.
- MDOC's contract does not contain specific quality control provisions for commissary products or a requirement for a formal inmate complaint process.

Regarding MDOC's management of the Inmate Welfare Fund (IWF),

- MDOC has improperly reduced the amount of money available to the IWF;
- MDOC's policies on IWF Committee composition do not reflect the requirements of state law and the actual working membership of the IWF Committee does not comply with either MDOC's policy or with state law;
- state law does not include requirements for IWF Committee attendance, a quorum for voting, or stakeholder representation and neither MDOC nor the IWF Committee has established formal, written policies or rules regarding these issues;
- the IWF Committee has no formal, written criteria for making expenditures from the fund; and,
- MDOC has only recently complied with statutory requirements for

reporting IWF financial information.

Also, conflicting statutory requirements for deposits of the Inmate Welfare Fund make it impossible for MDOC to comply with the law's requirements, thus compromising oversight of the fund.

552. AN ANALYSIS OF SELECTED PROCUREMENT DECISIONS OF THE UNIVERSITY OF MISSISSIPPI MEDICAL CENTER, August 16, 2011, 50 pages

PEER reviewed the University of Mississippi Medical Center's use of its *group purchasing organization* (GPO) agreement with University HealthSystem Consortium/Novation (UHC). A health care GPO contracts with health care product suppliers to obtain set prices based on an expected level of commitment and members (i. e., health care providers) purchase from the suppliers for these contracted prices instead of negotiating prices individually.

Because professional literature on health care GPOs shows a lack of consensus on their effectiveness, PEER believes that the ultimate decision of whether it is good public policy for UMMC to participate in GPOs depends on the quality of the medical center's future contract provisions and performance measures. Under UMMC's current contract with UHC, these accountability elements are not adequate for effective decisionmaking. UMMC's accountability system does not contain the elements needed to help ensure that UHC secures the best products at the best prices and avoids anti-competitive practices because UMMC does not have measures in place to compare GPO prices and market prices. Also, UMMC and UHC have not complied with the contract provision regarding the establishment of performance measures.

PEER also reviewed how UMMC made the decision to procure its building

automatic controls systems. A *building automatic controls system* is a computerized, intelligent network of electronic devices designed to monitor and control a building's mechanical and lighting systems. While UMMC did not violate any law or regulation regarding procurement of these systems in the circumstances PEER reviewed, it could improve its procurement practices for such systems to allow greater competition among vendors. For medical and research facilities, UMMC did not conduct a formal cost-benefit study or medical safety risk assessment prior to choosing to remain with a particular vendor as the sole-source provider and thus did not assure that it is not potentially paying more than necessary. For non-medical, non-research facilities (e. g., academic and administrative buildings), UMMC sought quotes from two vendors (as required by regulations), even though two additional vendors had been attempting to compete for UMMC's business. Thus UMMC did not take advantage of an opportunity to assure that it obtained the lowest and best price.

553. IMPROVING MISSISSIPPI'S ABILITY TO COMPETE FOR FEDERAL PROJECT GRANTS, September 27, 2011, 24 pages

PEER believes that Mississippi state agencies have recently missed opportunities to obtain millions of dollars in federal project grant funds. Because the recently passed federal Budget Control Act will significantly curtail federal discretionary spending over the next ten years, competition will increase among states for limited federal project grant dollars.

PEER identified several states that have attempted to address deficiencies in individual state agencies' abilities to secure federal project grants by providing assistance through state-level grants offices. The key activities of such offices are identifying grant opportunities, assisting with grant applications, providing training in

grantsmanship skills, tracking grant funding, and choosing which grants to pursue based on strategic policy goals. Mississippi relies primarily on individual state agencies to implement the majority of these activities related to seeking and obtaining federal project grants. Agencies report that their grantsmanship expertise consists of staff who have little or no training in the field and who must juggle grant-writing duties with other job responsibilities.

The Department of Finance and Administration (DFA) has both general and specific statutory authority related to the process by which state agencies seek grants from federal sources. DFA could help improve Mississippi's federal project grant-seeking efforts by becoming more proactive in performing the key support activities identified in this report and PEER suggests specific actions the department could take to do so. Also, PEER recommends that agencies' project grant applications be aligned with priorities set by the Governor in a statewide strategic plan at the beginning of each four-year term.

554. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-September 1, 2011, 214 pages

555. AN EVALUABILITY ASSESSMENT OF THE MISSISSIPPI COORDINATED ACCESS NETWORK, November 15, 2011, 65 pages

Managed care encompasses a variety of techniques intended to reduce the cost of providing health benefits and improve the quality of care, primarily through increased care coordination. In the Second Extraordinary Session of 2009, the Legislature authorized the Division of Medicaid (DOM) to implement a managed care program on or after January 1, 2010. The legislation also required the PEER Committee to conduct a comprehensive performance evaluation of the program by December 15, 2011.

The DOM selected Magnolia and UnitedHealthcare to implement the Mississippi Coordinated Access Network (MSCAN) managed care program. The DOM implemented MSCAN on January 1, 2011, with the goals of improving access to and quality of care and reducing state expenditures for Medicaid. Because MSCAN is still not fully operational in terms of a functioning performance accountability structure, PEER refocused this review from an evaluation of actual performance to an evaluability assessment of whether the DOM is collecting adequate information to allow a comprehensive performance evaluation in the future.

PEER determined the following with regard to MSCAN's evaluability in the three areas of cost savings, quality of care, and access to care:

- Due to limited program data availability, MSCAN's actual cost savings cannot be calculated until completion of the actuarial consultant's capitation rate and inpatient cost targets analysis. This analysis will occur once the first program year has been completed.
- Operational definitions of the MSCAN quality requirements are in place based on the sources of general measures that the Division of Medicaid will utilize in monitoring the quality of program providers' service structures. However, the program does not have clearly defined outcome measures and performance targets for quality of care.
- Both Magnolia and UnitedHealthcare produce maps that may be utilized to measure access in terms of distance and time of travel for MSCAN enrollees, but these maps do not necessarily reflect enrollees' actual utilization of active providers. Further, no other extensive access measures are readily available on how MSCAN might improve enrollees' access to care in comparison to those

eligible beneficiaries who did not enroll in MSCAN.

This report lists specific suggested steps to ensure future evaluability of MSCAN and includes additional recommendations regarding the managed care program.

556. A REVIEW OF THE MISSISSIPPI GULF COAST REGIONAL INFRASTRUCTURE PROGRAM, November 15, 2011, 78 pages

The Mississippi Gulf Coast Regional Infrastructure Program began from a commission initiated by the Governor after the devastation of Hurricane Katrina in 2005. The commission recommended creation of a regional utility authority to manage water, wastewater, and storm water across the coastal counties. Since 2006, the U. S. Department of Housing and Urban Development (HUD) has approved \$655.7 million in Community Development Block Grant funds for the program. In response to the commission's recommendation, the Legislature passed the Gulf Coast Region Utility Act to promote consolidation of utility systems and increase efficiency in services, mitigate against future storms, and improve the natural environment. However, the act created separate utility authorities in each of the coastal counties, which has not promoted consolidation of utility systems across county lines.

According to estimated project completion dates, fifty of the program's projects will have been completed by December 31, 2011, and the remaining seventeen projects will be completed in 2012 or 2013. Four of the county utility authorities are expecting to complete projects within planned budgets, while one utility authority is projecting a deficit. As of June 30, 2011, the five county utility authorities had spent approximately \$454.7 million on water and wastewater projects in the Gulf Coast region.

The program has provided more consolidated and storm-prepared utility systems, although their impact is limited due to the lack of physical interconnection of systems countywide. Also, because infrastructure is being built to accommodate significant future growth that might not materialize in certain areas, the infrastructure in those areas would be underutilized, resulting in increased per-customer cost for infrastructure maintenance during the period in which population projections are not met.

Several factors have affected the program's impact, some of which have been beyond the control of the Department of Environmental Quality and the utility authorities. These factors include the change from a regional concept to a county concept for utility infrastructure, increased emphasis on building utility infrastructure for economic development, legal constraints on the consolidation of utilities, HUD's requirements for use of funds for low/moderate income populations, and costs of consolidation.

557. MISSISSIPPI DEPARTMENT OF CORRECTIONS' FY 2011 COST PER INMATE DAY, December 13, 2011, 20 pages

For Fiscal Year 2011, the Department of Corrections' general cost per inmate day (for all security levels combined) in a 1,000-bed facility was \$49.68, including debt service for a facility. FY 2011 costs per inmate day for individual security classifications were as follows: minimum security, \$49.50; medium security, \$43.72; and maximum security, \$102.27. (For purposes of this audit, *maximum security* is defined as Unit 8 at South Mississippi Correctional Institution.) MDOC's FY 2011 costs per inmate day for security classifications in a 1,500-bed psychiatric correctional facility were \$57.00 for medium security and \$101.36 for maximum security.

Cost figures presented in this report represent the actual costs to MDOC as required by law and do not represent costs for service delivery under a “most efficient organization.” When MDOC negotiates private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the cost incurred by private prisons. PEER believes that private prison contracts could yield savings significantly above the ten percent required by law. This report includes a schedule of considerations of areas where savings could be achieved from more efficient contracting.

558. THE MISSISSIPPI WORKERS’ COMPENSATION COMMISSION: A REVIEW OF ITS ADJUDICATIVE FUNCTIONS, December 13, 2011, 58 pages

In Mississippi, the adjudication of workers’ compensation claims utilizes a three-member Workers’ Compensation Commission and eight administrative law judges. The commission is the ultimate trier of fact in all cases and may derive new findings of fact or weigh evidence differently from the administrative law judge who initially hears the case. Administrative law judges are commission appointees who hear contested matters, including motions, and hearings on the merits. Their decisions are appealable to the full commission.

PEER found that the commission often modifies administrative law judges’ findings of fact without a clear basis for doing so. Additionally, the commission often orders reversals and modifications without clearly explicated reasons. Such actions result in parties not being able to rely on the results of an administrative law judge’s decision and add time to the adjudication of claims.

Also, the commission’s rules and practices have not ensured statutorily

compliant and efficient operations. A portion of General Rule 9 of the commission (regarding hearings to compel medical treatment under certain conditions when a claimant’s temporary total disability benefits have been terminated) is not in conformity with MISS. CODE ANN. Section 71-3-17 (1972). Rule 10 gives the commission discretion regarding oral argument, which could work to the detriment of a party if such party is not able to argue against new evidence. Also, because the commission assigns a limited number of administrative staff to support the administrative law judges, the commission does not ensure efficient production of orders in controverted cases.

559. A REVIEW OF STATE MONETARY ASSESSMENTS IMPOSED ON CRIMINAL FINES AND PENALTIES, December 13, 2011, 93 pages

State criminal assessments are state monetary assessments imposed on individuals convicted of crimes and added to criminal fines or forfeitures/penalties. State criminal assessments are based on the theory of “abuser fees.” The purpose of an abuser fee is to charge an individual convicted of a specified criminal violation a fee to help fund a program designed to decrease occurrences of the violation or to address the harm inflicted by the violation, including the “harm” of costs incurred by the legal system in the handling of criminal violations.

PEER found that the number of state criminal assessments imposed by Mississippi law increased from one in FY 1988 to twenty-one in FY 2011, and the statutory dollar amount of all of these assessments combined increased from \$20 in FY 1989, the year that the state criminal assessment with a fixed dollar amount was imposed, to \$2,039.50 in FY 2011. The number of funds designated to receive revenues from state criminal assessments increased from one in FY 1988 to thirty-nine in FY 2010 to forty-

four in FY 2011. Thus the state has increased its use of state criminal assessments as a funding source for government programs.

From a historical perspective, the number of assessments allocated to uses that did not adhere to the theory of abuser fees has increased over time. In FY 2010, approximately \$32 million in revenues from state criminal assessments (approximately 70% of all revenues from state criminal assessments) was allocated to uses that did not adhere to the theory of abuser fees. This raises the question of whether these uses of revenues place an undue burden on criminal offenders for funding the general operations of government.

PEER identified a significant amount of unused revenues from state criminal assessments in FY 2010--at least \$36 million from the thirty funds that received at least 90% of their revenues from state criminal assessments. While some administering agencies expressed legitimate reasons for needing at least a portion of these revenues for future use, in other cases the revenues did not appear to be needed. While this data is now outdated for purposes of trying to reclaim revenues from the funds, the data indicates the need to monitor funds receiving revenues from state criminal assessments to determine whether there continue to be unused revenues that could be put to a better use.

560. PAYMENT OF HEALTH INSURANCE PREMIUMS FOR SCHOOL DISTRICTS' CHILD NUTRITION PROGRAM EMPLOYEES, May 15, 2012, 7 pages

In compliance with MISS. CODE ANN. Section 25-15-15 (3) (1972), Mississippi pays the health insurance premiums for public schools' Child Nutrition Program (CNP) employees with a combination of federal funds, revenues received from students who participate in the program, and (in the event that these two revenue sources are not sufficient to cover CNP expenses, including premiums) local

funds. School districts pay CNP employees' health insurance premiums using the same guidelines (e. g., working at least twenty hours per week) as other school district employees, most of whom have their health insurance premiums paid by state and local funds. Currently, Mississippi's 5,316 CNP employees' health insurance premiums cost approximately \$23 million annually.

Health insurance premiums for CNP employees in Alabama, Tennessee, and Louisiana are paid through funds generated by the CNP in each school district of each state. Arkansas provides each school district funding of a fixed amount per child to supplement all costs of school districts, including the CNP program.

Because health insurance premiums of all Mississippi CNP employees are currently being paid and because PEER believes that provisions of CODE Section 25-15-15 (3) adequately address the funding sources for these premiums, PEER recommends no changes in state law in the immediate future regarding the source of payment for these premiums.

561. A REVIEW OF MISSISSIPPI DELTA COMMUNITY COLLEGE'S PROCESSES FOR PROCURING LEASES AND PERSONAL SERVICES, September 11, 2012, 45 pages

In early 2012, after anonymous sources had circulated a document alleging possible mismanagement of Mississippi Delta Community College (MDCC), several legislators requested that PEER investigate the allegations. PEER focused this review on whether the processes by which MDCC procures personal services and leases could be easily exploited to achieve ends not necessarily in the best interest of the college, its students, or the general public.

PEER found that in recent years, MDCC has not consistently used open

and competitive processes when seeking to lease property for its branch facilities. In instances in which the college did use a competitive process, there were weaknesses in the process related to the development of specifications and the analysis of proposals.

Also, MDCC's procurement process for personal services from FY 2007 through FY 2012 did not comport with best practices and as a result, the college cannot ensure open competition for its personal services contracts and cannot justify some of its large contract decisions. Additionally, contracting is highly decentralized at MDCC, leaving different staff members or offices with discretion to follow such practices as they consider appropriate.

PEER recommends that MDCC adopt formal policies that address competitive selection of leases and personal services contracts, staff analysis of competitive proposals, a requirement for written contracts, and maintaining electronic records of contracts in a central location.

562. SUMMARIES OF PEER REPORTS 1973-PRESENT, Volume II: January 1, 2000-August 1, 2013

563. FOLLOW-UP REVIEW: PROGRESS REPORT ON EVALUABILITY OF THE MISSISSIPPI COORDINATED ACCESS NETWORK, October 16, 2012, 48 pages

In January 2011, the Mississippi Division of Medicaid (DOM) implemented the Mississippi Coordinated Access Network (MSCAN), a managed care program. *Managed care* encompasses a variety of techniques intended to reduce the cost of providing health benefits and improve the quality of care, primarily through increased care coordination. Two managed care organizations, UnitedHealthcare and Magnolia, have contracted with the DOM to deliver managed care services until December 31, 2013.

The state law authorizing DOM to implement managed care also required PEER to conduct a comprehensive performance evaluation of MSCAN by December 15, 2011, and the Committee issued *An Evaluability Assessment of the Mississippi Coordinated Access Network* on November 15, 2011. In that report, PEER identified the critical elements of an accountability structure that should be in place in order to evaluate the MSCAN program in comparison to its three primary goals (i. e., cost savings, quality of care, and access to care). PEER determined that MSCAN did not have all components in place to calculate the program's actual cost savings, nor did it have extensive access measures or clearly defined outcome measures and performance targets for quality of care.

Since PEER's initial evaluability assessment, the Division of Medicaid has completed the State Quality Assessment and Improvement Strategy, required by federal regulations, and has contracted for an external quality review. Also, the managed care organizations have administered an experience of care survey to enrollees and have provided the results to DOM. However, the division has still not established health-related outcome measures for each of its selected health focus categories, which prevents DOM or a third party from objectively evaluating the actual impact that services provided have had on the health of the selected populations.

The Division of Medicaid plans to expand the MSCAN program on December 1, 2012, prior to completion of the federally mandated external quality review for year one of the MSCAN program. Thus the division is expanding MSCAN without first determining whether the program is achieving measurable improvements in the health of MSCAN enrollees.

564. THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF MISSISSIPPI: A REVIEW OF SELECTED ISSUES

**RELATED TO FINANCIAL SOUNDNESS,
December 11, 2012, 142 pages**

This report provides a comprehensive look into the decisionmaking processes of the Public Employees' Retirement System's Board of Trustees, its staff, and its contractual advisors to determine whether PERS is positioned to manage the key risks that threaten the viability of its retirement benefits programs. The major topics and conclusions of the report are as follows:

- *Board composition*--Unlike the majority of public retirement boards in the U. S., neither Mississippi's retirement board nor those in the contiguous states include citizen members as trustees. Also, while most other states' retirement boards require some trustees to possess specific qualifications or work experience, Mississippi law does not require PERS Board members to possess any specific qualifications.
- *Legal basis for the state's provision of retirement benefits*--While changes for future employees who have yet to join the public payroll could be made with a low risk of litigation, there appears to be little, if anything, that the state could do to reduce benefits of retirees or current employees without some form of compensating new advantage.
- *Financial soundness*--The financial soundness of a public pension system is more than a point-in-time comparison of assets and liabilities; it is a complex construct involving risk management strategies that help ensure that the system is always actuarially grounded, risk-informed, and sustainable over the long-term in light of all relevant environmental conditions. Although an 80% funded ratio is often cited as the standard for a financially healthy public pension system, neither the financial nor actuarial governing bodies have established a specific funded ratio as evidence of a financially healthy

system. As of June 30, 2012, PERS's funded ratio was 58%.

- *Investment and risk management practices*--PERS is well organized for oversight, has access to needed investment expertise, and is supplied with the technical data needed to minimize the risks that face a defined benefit public pension system. Evidence gleaned from available actuarial assessments, investment reports, and the PERS Board's minutes and publications shows that the board has acted prudently on available information and has responded within acceptable limits to minimize key risks as they have emerged.

**565. MISSISSIPPI DEPARTMENT OF
CORRECTIONS' FY 2012 COST PER
INMATE DAY, December 11, 2012, 25
pages**

During its 2012 Regular Session, the Legislature passed H. B. 440 (amending MISS. CODE ANN. Section 47-5-1211 [1972]), which requires the cost per inmate day calculation for the Mississippi Department of Corrections (MDOC) to occur every two years instead of annually and to require development of a current cost-based model for the calculation.

This report serves as the model for the basis of the cost per inmate day calculation. The cost-based model was applied to MDOC's Walnut Grove Youth Correctional Facility, a private prison for men operated by a private contractor. The prison houses juvenile and non-juvenile inmates who have been convicted of felonies and sentenced as adults. The cost figures presented in this report represent what MDOC's cost would be to operate a facility exactly like Walnut Grove and would serve as the price starting point in negotiating contracts with private operators.

MDOC's FY 2012 cost per inmate day for a model facility totaled \$49.76. State law requires that contracts with private

prisons represent at least a 10% savings in comparison to MDOC's costs for the same level and quality of services. PEER believes that MDOC should negotiate private prison contracts to yield savings significantly greater than the amount required by law. For example, MDOC currently pays the private operator of Walnut Grove \$37.68 per inmate per day (based on the number of inmates within certain security levels), which is approximately 76% of MDOC's cost. This represents the cost per inmate per day resulting from MDOC's negotiations with the private operator.

566. A LIMITED REVIEW OF THE MISSISSIPPI DEPARTMENT OF EDUCATION'S CENTRAL OFFICE STAFFING, December 11, 2012, 85 pages

In a 2010 report, *Opportunities for Improving the Accountability of the Mississippi Department of Education*, PEER recommended that the Mississippi Department of Education (MDE) assess its Central Office staffing in relation to departmental workload and long-range plans for educational improvement, particularly in the area of improving instruction. PEER conducted this 2012 review to follow up on that recommendation.

According to PEER's analysis of multiple sources, MDE's efforts toward improved student learning should be focused on providing leadership in the areas of improved instruction and effective use of data in decisionmaking at all levels in the education system.

Within the past year, MDE has increased the alignment of its staff with these strategic priority areas. However, MDE is in a transition phase and has not yet achieved the level of alignment needed to be best positioned for the future of education. In the offices PEER reviewed, resources are generally assigned to process-related tasks that do not have a clear link to the strategic

priorities. Because MDE has not yet allocated a sufficient number of staff to work toward achievement of its strategic priorities, the department has relied on contractors to perform key responsibilities related to those priorities but has not specified in these contracts the necessary performance requirements. In some cases, MDE staff plan to assume the responsibilities of contracted staff in the future.

MDE has several opportunities to align its staff with the strategic priorities identified in this report. These opportunities will require MDE's upper management and Office of Human Resources to make staffing decisions based on achieving MDE's strategic priorities. These opportunities are: practice strategic human resource management; classify and compensate employees appropriately; reallocate support positions based on needs; shift the focus of the role of the Office of Educational Accountability; and, fill staff skill gaps in pedagogy and data analysis to staff the department for improving instruction and using data effectively.

567. ANALYSIS OF THE POTENTIAL FOR FURTHER PRIVATIZATION OF MISSISSIPPI'S CHILD SUPPORT ENFORCEMENT SERVICES, January 3, 2013, 64 pages

In an effort to improve child support enforcement efforts, many states have turned to the private sector for assistance. At the time of this review, the Mississippi Department of Human Services (MDHS) had contracts with private sector firms to operate the state's child support call center and to provide various components of other child support enforcement services. PEER analyzed the potential for saving the state dollars and improving service quality through further privatization of child support enforcement services at MDHS.

In order to make a fully informed privatization decision, a government

entity must be able to compare its own costs and performance in providing a service to cost and performance levels being offered by the private sector for providing the service. When making the determination to privatize a service, a government entity should conduct an analysis such as a “make-versus-buy” analysis of the service in order to make a fully informed decision prior to contracting. The decision must be based on a clear definition of the service being considered for privatization, including specification of the quantity (outputs) and quality (outcomes) of service expected, as well as a determination of the change in costs to the government over a multi-year period that would result from outsourcing the service. Also, the analysis should factor in important non-cost-related issues, such as management issues and service quality and control issues.

PEER found that MDHS’s Division of Child Support Enforcement does not maintain cost data at the service level and does not sufficiently analyze its child support enforcement performance data, both of which are necessary to making fully informed decisions regarding the privatization of child support enforcement services. Without cost data at the service level, the division is not in a position to make an informed privatization decision. While the division maintains and reports federally mandated performance data, it has not sufficiently analyzed the data to identify and address, where feasible, the sources of performance problems, including determining whether the problems could better be addressed internally or externally.

To maximize the potential for success of its future privatization efforts, the Division of Child Support Enforcement should collect proper data for a make-versus-buy analysis, improve data collection and reporting, determine whether factors affecting enforcement efforts are external or internal, and work within legal constraints. The division should also immediately begin following best practices for privatization of child

support enforcement such as those put forth by the U. S. Department of Health and Human Services, Administration for Children and Families, Office of Child Support Enforcement. The report contains information on implementing such best practices.

568. A DESCRIPTIVE REVIEW OF THE MISSISSIPPI TRAUMA CARE SYSTEMS FUND, January 3, 2013, 61 pages

The Legislature created the state’s trauma care system to “reduce the death and disability resulting from traumatic injury.” State law requires every Mississippi licensed acute care facility to participate in the statewide trauma care system. Facilities are designated as Level I-IV trauma centers based on specific criteria, including the services each facility offers. Any hospital that chooses not to participate in the trauma care system or that participates at a level lower than the level at which it is capable of participating, as determined by the Department of Health, must pay a non-participation fee.

The Legislature established the Mississippi Trauma Care Systems Fund for use by the Department of Health in the administration and implementation of the comprehensive state trauma care plan. The fund receives revenues from assessments and fees related to vehicles, penalties assessed against hospitals that choose not to participate in the state’s trauma care system, and interest on the investment of the fund. From FY 2009 through FY 2012, the Trauma Care Systems Fund received approximately \$101 million in revenues.

From 1998 to 2008, the Department of Health used the Trauma Care Systems Fund to cover administrative expenses of the state trauma system, with the remaining balance distributed to participating trauma centers based on their provision of uncompensated care to patients. Beginning in FY 2010, the department continued to use the fund to cover administrative expenses of the system, but distributed the remaining

balance in a formulated manner based on each hospital's specific designation as a trauma center.

Board of Health regulations specify the of types of expenditures that emergency medical services providers and trauma centers may make from their Trauma Care Systems Fund distributions. After establishing performance measures for the trauma care system, the Department of Health utilizes state, regional, and hospital-based committees to monitor and evaluate the performance of the state's trauma care system.

569. A REVIEW OF COUNTY GOVERNMENTS' UTILIZATION OF BOND INTEREST RATE SWAP INSTRUMENTS, February 18, 2013, 38 pages

A *bond interest rate swap* is an agreement between two parties to exchange or "swap" cash flow commitments related to a corresponding bond issue for a specified period. A county's intent for entering into a swap is to reduce borrowing costs and improve cash flows, but swaps also have the potential to affect the county's financial position negatively. Mississippi law does not address the requirements or standards that counties must meet when considering interest rate swap agreements. Each county or other local government entity is free to determine, based on its own standards and policies, whether to consider and enter an interest rate swap agreement.

According to the most recent county audits released by the Office of the State Auditor, at the time of those audits, only Harrison and Hinds counties had bond interest rate swap agreements in effect. Since 2002, Harrison County has entered into nineteen such agreements. Since 2005, Hinds County has modified two original bond issues to include swap agreements and these agreements are still in effect, although payments have been suspended until 2015. These counties' utilization of swaps

demonstrates that these instruments can yield significantly different results. Since 2002, Harrison County's utilization of swaps has resulted in a net loss of approximately \$4.19 million, but Hinds County's utilization of swaps since 2005 has resulted in positive cash flows totaling approximately \$6.5 million.

In order to mitigate the risks of bond interest rate swaps, counties should adopt best practices. PEER compiled a list of best practices for using bond interest rate swaps: develop a comprehensive written policy for bond interest rate swap agreements, ensure that individuals managing swaps have appropriate knowledge and expertise, and commit to oversight monitoring.

Prior to their initial swap agreements, neither Harrison County nor Hinds County had all three elements in place of what PEER believes to be best practices. Since that time, both counties have taken steps to improve their processes, but neither has obtained outside financial advisors for bond interest rate swaps through competitive procurement.

570. THE DEPARTMENT OF WILDLIFE, FISHERIES, AND PARKS' MANAGEMENT OF SELECTED WILD GAME PROGRAMS, April 19, 2013, 57 pages

The Public Trust Doctrine holds that certain natural resources, including wildlife, are entrusted to the government to be managed on behalf of the public. Through the common law of the state and statutes, Mississippi has adopted the Public Trust Doctrine and requires the management of wildlife resources for the benefit of the public. Mississippi law makes the Department of Wildlife, Fisheries, and Parks (DWFP) responsible for conserving, managing, developing, and protecting wildlife and the Commission on Wildlife, Fisheries, and Parks responsible for rulemaking for wildlife conservation. Because the goal of wildlife management programs is to protect the respective species, each of

the department's programs should be based on science, with the goal of sustaining the wildlife population.

PEER reviewed the department's waterfowl, turkey, and deer programs to determine whether DWFP has managed these programs in a manner consistent with its responsibilities as a public trustee. PEER found that DWFP employs scientifically sound management practices with regard to the state's duck and turkey populations, in accordance with state law's mandate to conserve and protect this wildlife resource in the interest of the public.

Generally, DWFP also employs scientifically sound management practices with regard to the state's deer population. However:

- The department's regulations and practices regarding privately owned enclosures for white-tailed deer are not authorized by statute and PEER believes that permitting such enclosures is not in keeping with the Public Trust Doctrine.
- DWFP's lack of a unified, "top-to-bottom" tracking system for deer enclosure inspections exacerbates the health and environmental risks inherent in the use of these enclosures.
- Minutes and records of the Commission on Wildlife, Fisheries, and Parks do not reflect that the commission's decisions regarding permitting of deer enclosures were supported by scientific evidence. PEER found no evidence that the practice of enclosing native species is supported by science and that such actions are consistent with the purposes of the public trust.

571. A PERFORMANCE REVIEW OF THE MISSISSIPPI PRISON INDUSTRIES CORPORATION, June 11, 2013, 51 pages

In 1990, the Legislature created the Mississippi Prison Industries Corporation (MPIC) and defined its mission and goals. These include providing inmates with useful activities that can lead to meaningful employment after release in order to assist in reducing recidivism, reducing the cost of state government, mirroring as closely as possible operations of private industry for rehabilitative purposes, reducing idleness of inmates, and providing an incentive for good behavior. The law also notes that Mississippi's prison industries should "not seek to unreasonably compete with private enterprise."

Because certain provisions of the law (i.e., rehabilitation of inmates and competition with the private sector) create tension with each other, a disciplined approach is needed to ensure that MPIC's mission is achieved and that the benefits of increased job skills, training, and rehabilitation are derived from MPIC's programs. However, MPIC has not sufficiently collected or monitored the data needed to ensure both the benefits of its programs and that it is achieving its mission.

Further, MPIC has not provided inmates with the best opportunities to increase their work skills and employability. MDOC should play an important role in the overall effectiveness of correctional work programs; however, MDOC has not provided a comprehensive plan for correctional work programs or reported data on post-release job placement and recidivism for MPIC participants, both of which are necessary to measure the programs' outcomes and effectiveness.

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