

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

Report to
the Mississippi Legislature



Mississippi Department of Corrections' FY 2014 Cost Per Inmate Day

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 to occur every two years instead of annually and to require development of a current cost-based model for the calculation. The model serves as the basis of the cost per inmate day calculation.

The cost-based model was applied to the Mississippi Department of Corrections' (MDOC's) East Mississippi Correctional Facility, a private prison for male inmates with mental health needs. The cost figures presented in this report are based on the application of the cost-based model utilizing average MDOC costs and the security requirements and medical needs of MDOC's East Mississippi Correctional Facility. PEER emphasizes that the cost figures in this report are only applicable to the East Mississippi Correctional Facility and should not be used as an indicator of costs in any other MDOC facility. Because the security requirements and medical needs are higher for inmates housed in the East Mississippi Correctional facility, the cost per inmate day for minimum- and medium-security level inmates housed in other MDOC facilities would be lower. The cost-based model provides MDOC management with the ability to determine MDOC's costs for any current or proposed privately operated prison that can be used in the negotiation of private prison rates and achieve at least the ten per cent savings required by statute.

MDOC's FY 2014 cost per inmate day for a model facility based on the security requirements and medical needs of inmates at the East Mississippi Correctional Facility totaled \$67.95.

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, 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 and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

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

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

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

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

PEER Committee

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January 5, 2015

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

On January 5, 2015, the PEER Committee authorized release of the report entitled **Mississippi Department of Corrections' FY 2014 Cost Per Inmate Day.**

A handwritten signature in cursive script that reads "Nancy Adams Collins".

Senator Nancy Adams Collins, Chair

This report does not recommend increased funding or additional staff.

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Mississippi Department of Corrections' FY 2014 Cost Per Inmate Day

Executive Summary

Background

During its 1994 special session, the Legislature passed Senate Bill 2005 (now codified as MISS. CODE ANN. Section 47-5-1201 et seq. [1972]) to address short- and long-term bed capacity within the state's correctional system. The bill created the State Prison Emergency Construction and Management Board to expedite the contracting and construction of proposed public and private prison facilities authorized by the bill.

MISS. CODE ANN. Section 47-5-1211 (3) (a) (1972) states:

No contract for private incarceration shall be entered into unless the cost of the private operation, including the state's cost for monitoring the private operation, offers a cost savings of at least ten percent (10%) to the Department of Corrections for at least the same level and quality of service offered by the Department of Corrections.

The law also required that the state cost per inmate day be certified annually by a certified public accountant and that the certified cost be used as the basis for verifying the ten percent savings required for private contractor costs. Historically, MDOC has taken the cost of operation of similar units and adjusted them to recognize economies of scale to arrive at a cost of operation of a 500- or 1,000-bed facility.

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 to occur every two years instead of annually and to require development of a current cost-based model for the calculation. The model serves as the basis of the cost per inmate day calculation.

The cost-based model was applied to MDOC's East Mississippi Correctional Facility, a private prison for male inmates with mental health needs. The cost figures presented in this report are based on the application of the cost-based model utilizing average MDOC costs and the security requirements and medical needs of MDOC's East Mississippi Correctional Facility. PEER emphasizes that the cost figures in this report are only applicable to the East Mississippi Correctional Facility and should not be used as an indicator of costs in any other MDOC facility. Because the security requirements and medical needs are higher for inmates housed in the East Mississippi Correctional facility, the cost per inmate day for minimum- and medium-security level inmates housed in other MDOC facilities

would be lower. The cost-based model provides MDOC management with the ability to determine MDOC's costs for any current or proposed privately operated prison that can be used in the negotiation of private prison rates and achieve at least the ten percent savings required by statute.

Cost Per Day Determination

MDOC's FY 2014 cost per inmate day for a model facility based on the security requirements and medical needs of inmates at the East Mississippi Correctional Facility totaled \$67.95.

MDOC's FY 2014 cost per inmate day for a model facility based on the security requirements and medical needs of inmates at the East Mississippi Correctional Facility totaled \$67.95 and included the following components:

Allocated Costs	
Administrative costs	\$ 3.66
Parole Board	<u>0.09</u>
<i>Subtotal: Allocated Costs</i>	\$3.75
Operating Costs of the Unit	
Security personnel	26.84
Nonsecurity personnel	8.64
Other costs	
Food	3.14
Medical	18.95
Utilities	3.76
Other	<u>2.87</u>
<i>Subtotal: Operating Costs</i>	\$64.20
Total Per Day Cost	<u>\$67.95</u>

Negotiating Private Prison Payments

PEER believes MDOC should negotiate private prison contracts to yield savings significantly greater than the ten percent required by law.

PEER cautions the reader that, as required by law, the cost figures presented in this report represent actual costs to MDOC. State law also requires that private prisons represent *at least a 10% savings to MDOC's costs for the same level and quality of services*. It should be noted that cost savings offered by private prisons may exceed the ten percent threshold. Therefore, when negotiating 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.

Private prisons pay for the first seventy-two hours of medical care for inmates. After this period, the state bears the costs for ill inmates. Therefore, additional savings may be achieved by negotiating for savings beyond the ten percent mandated by law.

The administrative responsibility of the state differs from that of the administrative function of private prisons. Therefore, administrative cost represents an area that may contribute savings beyond the ten percent mandated by law.

PEER believes that private prison contracts should yield savings significantly above the ten percent required by law. See "Schedule of Considerations for Private Prison Contract Negotiations," page viii of this summary, for areas where savings may be achieved by more efficient contracting.

Mississippi Department of Corrections
Schedule of Considerations for Private Prison Contract Negotiations
June 30, 2014

		<u>MDOC Facility</u>			<u>Private Facility</u>		
		<u>Minimum</u>	<u>Medium</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Medium</u>	<u>Maximum</u>
Infrastructure	¹	X	X	X	State Provided		
Food		X	X	X	X	X	X
Clothing		X	X	X	X	X	X
Medical and dental care	²	X	X	X	X	X	X
Education		X	X		X	X	
Records	³	X	X	X	State Provided		
Inmate classification and management	³	X	X	X	State Provided		
Offender services	³	X	X	X	State Provided		
Transportation		X	X	X	X	X	X
Parole boards	⁴	X	X	X	State Provided		
Probation	⁴	X	X	X	State Provided		
Restitution	⁴	X	X	X	State Provided		
Drug treatment		X	X	X	X	X	X
Handicap or invalid incarceration		X	X	X	X	X	X
Farming	⁵	X	X		Not Applicable		
Administrative costs	⁶	X	X	X	X	X	X
Monitoring costs	⁷				X	X	X

¹ Operating costs depend on facility design and security classification.

² Consideration should be given to the level of medical care to be provided and whether the burden of responsibility for extended medical care transfers to the State.

³ Costs associated with records, inmate classification and offender services are provided by the State. Identified direct costs of these functions totaled \$6,668,368 for the year ended June 30, 2014. Inmate days supported by these functions were 7,234,783, representing a daily cost of 92¢.

⁴ The costs associated with services provided by the State should not be considered as a part of the contracted rate with a private facility.

⁵ Private facilities do not have farming operations.

⁶ Private facilities have fewer administrative responsibilities than the responsibilities of the State.

⁷ Private facilities reimburse MDOC for monitoring costs.

For More Information or Clarification, Contact:

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Independent Accountants' Report

Mississippi Joint Legislative Committee on
Performance Evaluation and Expenditure Review
Jackson, Mississippi

We have examined management of the State of Mississippi Department of Corrections' (MDOC) assertion that the accompanying Schedule of Average Daily Costs for a Model Facility (the Schedule) for the year ended June 30, 2014, is presented in accordance with the measurement and disclosure criteria set forth in the Cost Based Model Description dated June 30, 2012, on file with the Mississippi Joint Legislative Committee on Performance Evaluation and Expenditure Review. MDOC's management is responsible for the assertion. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The Schedule is based on the most accurate data and information available from MDOC staff at this time. However, should MDOC's management significantly alter the assumptions in the design, construction and operational concept for a model correctional facility as presented in this report, the daily costs per state inmate amount would change.

In our opinion, the Schedule referred to above presents, in all material respects, average daily costs for a model facility for the year ended June 30, 2014, based on the measurement and disclosure criteria set forth in the Cost Based Model Description dated June 30, 2012, on file with the Mississippi Joint Legislative Committee on Performance Evaluation and Expenditure Review.

BKD, LLP

December 30, 2014

Mississippi Department of Corrections
Schedule of Average Daily Costs
for a Model Facility
Year Ended June 30, 2014

Allocated Costs

Administrative costs	\$ 3.66
Parole Board	0.09

Operating Costs of the Unit

Security personnel	26.84
Nonsecurity personnel	8.64
Other costs	
Food	3.14
Medical	18.95
Utilities	3.76
Other	2.87
Total operating costs	<u>64.20</u>
 Total per day cost	 <u><u>\$ 67.95</u></u>

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

Note 1: Organization

Description of Entity

The State of Mississippi Department of Corrections (MDOC or the Department) has the responsibility for the care, custody, training, supervision and treatment of offenders committed to the Department and to plan, develop, coordinate and manage a statewide comprehensive correctional system.

MDOC includes the following entities:

- ***Mississippi State Penitentiary (MSP)*** – MSP is a correctional facility located in Sunflower County, Mississippi which had the capacity to incarcerate 4,648 adult male felons as of June 30, 2014.
- ***Central Mississippi Correctional Facility (CMCF)*** – CMCF is a correctional facility located in Rankin County, Mississippi that houses minimum, medium and maximum security inmates. CMCF serves as the central receiving and classification center for MDOC which had the capacity to incarcerate 3,665 offenders, including female offenders, as of June 30, 2014.
- ***South Mississippi Correctional Institution (SMCI)*** – SMCI is located in Greene County, Mississippi which had the capacity to incarcerate 3,282 medium and maximum security adult felons as of June 30, 2014.

MDOC also administers correctional operations through other facilities. These other facilities are as follows:

- MDOC operates restitution and work centers throughout the state which house inmates.
- MDOC also contracts with privately operated prisons and regional correctional authorities to incarcerate inmates. Inmates are also incarcerated in county operated jails. MDOC is responsible for certain administrative functions and medical care related to inmates incarcerated by others.

During its 1994 special session, the Legislature passed Senate Bill 2005 (now codified as Miss. Code Ann. Section 47-5-1201 et seq. [1972]) to address short- and long-term bed capacity within the state's correctional system. The bill created the State Prison Emergency Construction and Management Board to expedite the contracting and construction of proposed public and private prison facilities authorized by the bill.

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

Miss. Code Ann. Section 47-5-1211(3)(a) (1972) states:

No contract for private incarceration shall be entered into unless the cost of the private operation, including the state's cost for monitoring the private operation, offers a cost savings of at least ten percent (10%) to the Department of Corrections for at least the same level and quality of service offered by the Department of Corrections.

This section also requires the Mississippi Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) to contract annually with a certified public accounting firm to establish a state cost per inmate day for a comparable state facility. Originally, cost was to be established for medium security inmates only. In subsequent years, MDOC has planned the housing of different classifications of prisoners, and PEER has provided cost estimates for those classifications as well.

The law further requires the state cost per inmate day be certified annually by a certified public accountant and the certified cost be used as the basis for verifying the 10% savings required for private contractor costs.

Chapter 964, Laws of 1996 (Local and Private) established the East Mississippi Correctional Facility Authority (the Authority). The bill authorized such authority to contract with MDOC for the private incarceration in a psychiatric facility of up to 1,000 prisoners in compliance with the provisions of Miss. Code Ann. Sections 47-5-1211 through 47-5-1227 (1972). During the 2007 regular session, the Legislature passed House Bill 1764, which amended Chapter 964, Laws of 1996 (Local and Private), to allow MDOC to contract with the Authority for the private incarceration of not more than 1,500 in the psychiatric facility in Lauderdale County.

As MDOC's methods of incarceration have evolved over the period since 1994, these changes have resulted in increasing challenges to identify and isolate operations at MDOC, which provide representations of actual operations at MDOC similar to those which exist at private incarceration facilities. These challenges are primarily in relation to the size of facilities, as well as the mission of the facilities. For example, MDOC presently contracts with a private enterprise for the care and custody of approximately 1,125 psychiatric needs inmates at the East Mississippi Correctional Facility. No similar unit of any significant size exists within MDOC. Historically, MDOC has taken the cost of operation of similar mission units and applied adjustments to recognize economies of scale, either positive or negative, to arrive at a cost of operation of a 500 or 1,000-bed facility. Such adjustments attempt to consider the cost behavior of similar facilities, but resulting costs are highly sensitive to changes in inmate days if the model facility is very small.

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

In 2012, in recognition of the challenges of identifying pure historical cost models of facilities subject to privatization, PEER recommended certain changes to the Miss. Code Ann. §47-5-1211 to provide more flexibility in the development of cost per day calculations.

During the 2012 regular session of the Mississippi Legislature, House Bill No. 440 (HB440) was passed and signed by Governor Phil Bryant. This bill amended Miss. Code Ann. Section 47-5-1211 to require the cost per inmate day calculation to occur every two years instead of annually and to require PEER and MDOC to develop a current cost-based model for this calculation. HB440 did not change the intent of this law, as Section 47-5-1211(3)(a) was not changed. It states, “No contract for private incarceration shall be entered into unless the cost of the private operation, including the state’s cost for monitoring the private operation, offers a cost savings of at least ten percent (10%) to the Department of Corrections for at least the same level and quality of service offered by the Department of Corrections.” Under Section 47-5-1211(3)(c), PEER, in conjunction with MDOC, has developed a cost-based model (CBM) to serve as the basis for the cost per inmate day calculation and report.

Note 2: Basis of Presentation

The Schedule of Average Daily Costs for a Model Facility (the Schedule) was developed in accordance with the aforementioned CBM and is based on the historical cost of MDOC. The model facility used for this presentation is a 1,200-bed facility. The inmate population demographics are based on MDOC’s East Mississippi Correctional Facility (East Mississippi). East Mississippi is a private prison for men operated by a private prison contractor on behalf of MDOC located in Meridian, Mississippi. Generally, the East Mississippi inmate census served as the model for type and quantity of inmate for incarceration and medical costing purposes, but the average cost of all MDOC managed facilities was used for cost purposes in this hypothetical CBM. The exception was utilities, where actual East Mississippi utility cost was used in this model. This is permitted in the CBM, as demographic and location within the state is expected to impact estimating the cost of utilities.

Allocated Administrative and Parole Costs – Allocated administrative and parole costs per state inmate day for the model facility are derived by dividing the cost of operations for all inmate facilities included in MDOC by the total inmate days incurred at all inmate facilities included in MDOC during the fiscal year ended June 30, 2014. The number of inmate days used in this calculation was obtained from census reports prepared daily on a system-wide basis.

Administrative and parole costs were determined from MDOC’s internal accounting records, which reflect final adjusted costs by cost center.

Costs for other categories were determined based on specific costs for the model facility where possible or using MDOC average costs where model specific costs were not available.

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

Administrative Costs – Administrative costs include activities of the Office of the Commissioner, Office of the Deputy Commissioner, finance and administration, purchasing, personnel and management information systems. These costs are allocated in the Schedule based on the ratio of inmate days at East Mississippi to total inmate days for all facilities.

Certain other state agencies provide support to the activities of MDOC. In some cases, MDOC is charged a service fee for services. These services include building construction and property management; purchasing, treasury and disbursement; legislative audit; legal, records management; and courier services. The charges for these services are included in allocated administrative costs in the accompanying Schedule. Although the State of Mississippi prepares an annual cost allocation plan which identifies costs by agency, costs attributable to MDOC are not specifically quantified due to the fact that MDOC does not administer a significant amount of federal grants. Management of MDOC estimates that services received but unbilled are insignificant to the total operating costs of the Department and are not included in the accompanying Schedule.

Based on the manner in which MDOC accounts for some personnel costs, certain facility costs related to warehousing, payroll and human resources, and administration and finance are included in the administrative costs allocation. All personnel costs classified by MDOC under these categories are assigned back to MDOC's administrative cost center.

Parole Board Costs – Parole Board costs have been allocated to specific facilities, including county jails, community work centers, regional facilities and privately operated prisons, based on the ratio of inmate days at each facility to total inmate days at all facilities.

Operating Costs – Costs of basic confinement and prison programs are presented separately to facilitate an understanding of the operating costs. In arriving at amounts presented in the accompanying Schedule, certain reclassifications and allocations were necessary. Explanations of certain operating cost categories presented, together with explanations of the significant reclassifications and allocations, are as follows:

Personnel Costs – Salary costs include costs directly associated with incarceration and are included based on needs for the specific model facility.

Food Costs – Food costs include both direct purchases of food and supplies and the costs associated with preparation. Food costs also include amounts paid for management costs of food service plus the estimated value of food produced and reported in farming operations that is consumed by MDOC inmates. Certain purchases received at the main warehouse locations at MSP are subsequently transferred to other locations, including food produced by MSP farming operations.

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

The calculation of average food costs per day is as follows:

Value of food produced by farm and consumed	\$ 611,069
Food management contract payments and other	2,814,014
Food purchases	9,017,704
Change in ending inventory	<u>190,953</u>
Total cost of food	12,633,740
Inmate days	<u>4,028,777</u>
Average cost of food per inmate day	<u><u>\$ 3.14</u></u>

Farming Costs – MSP maintains a prison operated farm in Sunflower County, Mississippi. Farming costs include operating costs net of revenues derived from sales to outside parties and the value of food produced, which is consumed by MDOC inmates. Net losses generated from farm operations are allocated to units to which the farm operation provides inmate work opportunities. Net proceeds generated from farm operations are retained by MDOC to be used for future farming operations. No costs were allocated during the year ended June 30, 2014, because the farm did not incur a loss.

Medical Costs – For its state run facilities, MDOC has contracted with Wexford Health Sources, Inc. (Wexford). Wexford charges MDOC a per diem for basic medical care for inmates provided inside the prison. MDOC is responsible for all specialty care, hospitalizations and security services when outside the prison. MDOC has also incurred costs in recent years associated with the implementation of an electronic medical records or electronic health records (EHR) system.

MDOC classifies each inmate in the MDOC system, regardless if housed in a state, regional, private or county facility, with a medical classification based on two criteria:

1. Medical Class (Physical Health) – ranging on a scale of 1 – 5, with a class of 1 requiring minimal medical care and a class of 5 requiring extensive medical care
2. Level of Care (Mental Health) – ranging on a scale of A – E, with a class of A requiring little to no mental health care and a class of E requiring extensive mental health care

Based on these criteria, each inmate is assigned a medical classification ranging from 1A to 5E. Wexford tracks inmates using these same two criteria and is able to provide an updated cost per medical classification. For the model facility, Wexford calculated cost per medical classification was used to determine the additional cost to be incurred by adding a new model

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

facility to the Wexford contract based on the inmate medical classification mix in the model facility.

Contractual basic care	\$ 17.60
Specialty care	0.98
Medical security for specialty care	<u>0.37</u>
 Total medical cost per day	 <u><u>\$ 18.95</u></u>

- **Utilities** – Utility costs include costs to maintain lighting, heating and water services to each operating unit. These costs include electricity, natural gas, water and sewer services that are billed by local utility providers. In the presentation of the model facility, actual costs by East Mississippi for the year ended June 30, 2014 have been utilized.
- **Other Costs** – Other costs include costs not included in the aforementioned categories. These other costs include facility management and maintenance; clothing, bedding and supplies; travel costs; vehicle and other equipment costs; and employee training, uniforms and supplies.
- **Costs Not Included** – Operating costs for MDOC have been adjusted to exclude capital expenditure and capital improvement costs, including costs applicable to debt service, construction and renovation of facilities. Additionally, costs for commissary/canteen services, along with the inmate welfare fund, are not included in the model, as they are considered self-supportive.

Note 3: Personnel Costs

Security Personnel Costs

A security post is an employment position within the facility responsible for security, oversight and guarding inmates. The number of security posts required to be staffed is based on an assessed need by either MDOC or facility management to sufficiently oversee the inmate population and provide a safe environment for both inmates and officers. Security posts are often manned for different intervals of time (around-the-clock, one position per day, etc.) and can fluctuate based on inmate security level and are subject to a relief factor.

A security post cost is defined as the average salary of each position that will staff a post multiplied by a relief factor for the number of employees required to staff that position for a defined amount of time per day. A security post is expected to be staffed by a mixture of

Mississippi Department of Corrections
Notes to Schedule of Average Daily Costs
for a Model Facility
June 30, 2014

correctional officer positions, based on job responsibility, inmate security level and other requirements.

For purposes of this model, the facility Superintendent/Warden, Deputy Warden for Operations, and Correctional Captains, Lieutenants, Sergeants and Officers are included as security personnel.

Nonsecurity Personnel Costs

Each facility has a number of nonsecurity positions that should be considered in the model. The number of these nonsecurity positions can be either a fixed or variable number. The fixed positions are determined on a per facility basis and are independent on the number of inmates, the number of security posts or other factors. The variable positions can fluctuate, depending on other factors such as the number of inmates, the number of officers, etc. Generally, the fixed positions in the model will be the same from facility to facility, and the variable nonsecurity positions are determined and designed for the model on an as applicable basis.

The positions classified as nonsecurity personnel in the Schedule will include programmatic positions such as Deputy Warden for Programs, Case Managers, Chaplains, Records Department Personnel, Recreations Specialists and other nonsecurity personnel.

Personnel Costs Included in Other Operating Costs

Personnel costs associated with education and training are classified as education and training in the Schedule. Also, facility maintenance personnel costs are classified as other in the Schedule.

Personnel Costs Included in Administrative Allocation

As noted above, certain facility personnel costs related to warehousing, payroll and human resources, and administration and finance are included in the administrative costs allocation.

Note 4: Contingencies and Subsequent Events

In November 2014, the former Commissioner of MDOC resigned after a 49 count indictment, alleging the Commissioner was the recipient of bribes and kickbacks in exchange for favorable treatment in the awarding of MDOC contracts was returned by a federal grand jury. Mississippi Governor Phil Bryant has subsequently directed MDOC to review all contracts for necessity and cost efficiency. The Governor required all contracts associated with the indictment be rebid, and he also created a task force to oversee the review of MDOC vendor contracts and the rebidding process of those contracts associated with the indictment. The effects of the contract review and rebidding process on this report are unknown at this time.

Independent Accountants' Report on Supplementary Information

Mississippi Joint Legislative Committee on
Performance Evaluation and Expenditure Review
Jackson, Mississippi

Our report on our examination of the Schedule of Average Daily Costs for a Model Facility appears on page 1. Our examination was conducted for the purpose of forming an opinion on this Schedule. The accompanying Schedule of Considerations for Private Prison Contract Negotiations is presented for purposes of additional analysis. Such information has not been subjected to the examination procedures applied to the Schedule and, accordingly, we express no opinion on it.

BKD, LLP

December 30, 2014

Mississippi Department of Corrections
Schedule of Considerations for Private Prison Contract Negotiations
June 30, 2014

		<u>MDOC Facility</u>			<u>Private Facility</u>		
		<u>Minimum</u>	<u>Medium</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Medium</u>	<u>Maximum</u>
Infrastructure	¹	X	X	X	State Provided		
Food		X	X	X	X	X	X
Clothing		X	X	X	X	X	X
Medical and dental care	²	X	X	X	X	X	X
Education		X	X		X	X	
Records	³	X	X	X	State Provided		
Inmate classification and management	³	X	X	X	State Provided		
Offender services	³	X	X	X	State Provided		
Transportation		X	X	X	X	X	X
Parole boards	⁴	X	X	X	State Provided		
Probation	⁴	X	X	X	State Provided		
Restitution	⁴	X	X	X	State Provided		
Drug treatment		X	X	X	X	X	X
Handicap or invalid incarceration		X	X	X	X	X	X
Farming	⁵	X	X		Not Applicable		
Administrative costs	⁶	X	X	X	X	X	X
Monitoring costs	⁷				X	X	X

¹ Operating costs depend on facility design and security classification.

² Consideration should be given to the level of medical care to be provided and whether the burden of responsibility for extended medical care transfers to the State.

³ Costs associated with records, inmate classification and offender services are provided by the State. Identified direct costs of these functions totaled \$6,668,368 for the year ended June 30, 2014. Inmate days supported by these functions were 7,234,783, representing a daily cost of 92¢.

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⁵ Private facilities do not have farming operations.

⁶ Private facilities have fewer administrative responsibilities than the responsibilities of the State.

⁷ Private facilities reimburse MDOC for monitoring costs.

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