Reports on Government Waste: 2018-2025

April 2025

Summary

Since 2018, the Office of the State Auditor (OSA) has recovered over $75 million of misspent taxpayer funds and identified approximately $400 million in waste across state government. Below, OSA has compiled some of our findings and reports together in hopes that lawmakers will address these examples of waste and help Mississippi set the standard for government efficiency.

State Agencies Entered Into Purchasing Contracts for IT Equipment at Above-Market Prices

OSA released a government waste report that analyzed spending across thirteen state agencies called "Project Momentum." A section of the report looked at the cost of computer hardware and other technology that could be purchased commercially and compared them to the negotiated prices by Mississippi agencies.

Mississippi negotiated a price of over $5,800 for TV screens. In comparison, the federal government purchased the exact same type of TV screen for only $2,200. Mississippi also purchased wireless keyboards for $50, standard monitors for $245, and laptop cases for $39. The federal government, on the other hand, purchased wireless keyboards for $42, standard monitors for $130, and laptop cases for $24.[1]

State agencies have also over the years purchased Microsoft Office licenses at different prices. Some of the prices are up to 10% higher than other agencies purchased despite having the same feature set.

Medicaid Audits Showed Potentially Ineligible Beneficiaries Receiving Benefits

OSA found that in any given year, the state of Mississippi spends anywhere from five to seven percent of Medicaid dollars on people who appear to make too much money to be eligible for the program. Five to seven percent is anywhere from $64-$144 million in misspent funds from the Medicaid budget, depending on the year.[2]

OSA found two Mississippians who owned a five-bedroom, 7,850 square foot home valued at $1.3 million who were on the Medicaid rolls. Federal prosecutors agreed with our findings and eventually forced these two to repay misspent money back to Medicaid.[3]

Deceased Mississippians Remaining on Medicaid Rolls

OSA, in collaboration with the Mississippi Division of Medicaid, identified over $600,000 in improper payments made to Managed Care Organizations by Medicaid. Each month, Medicaid makes payments to Managed Care Organizations, the companies that ensure medical coverage is provided to Medicaid beneficiaries.

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[1] See Appendix I, Pg. 12, Exhibit 4.
[2] See Appendix II.
[3] See Appendix II.

After review, OSA and Medicaid jointly determined that improper payments had been made to Managed Care Organizations. Examples from this project include payments made on behalf of deceased individuals.[4]

Over $100 Million in Stolen and Misspent Federal Welfare Funds

OSA uncovered over $100 million in welfare funds (largely Temporary Assistance for Needy Families, or TANF, funds) misspent or stolen from 2016-2019. To date, seven people have pleaded guilty to state or federal charges for their involvement in this scheme.

Millions of dollars of grants from the Mississippi Department of Human Services (DHS) were misspent, converted to personal use, spent on family members and friends of staffers and grantees, or wasted.

The audit of DHS showed massive sums of TANF dollars being funneled to grantees like the Mississippi Community Education Center (MCEC) and the Family Resource Center of North Mississippi (FRC). Examples of questioned spending included:

- MCEC and FRC using TANF money to hire lobbyists, often with no paperwork describing the work the lobbyists were hired to do.
- MCEC purchased three vehicles with grant funds for Nancy New (Director of MCEC) and her two sons. MCEC also paid salaries, cell phone bills, and other costs for a variety of members of the New family.
- MCEC made unallowable sports-related expenditures—like sponsoring a college baseball tournament—for services that could not be proven to benefit the needy. Some sports-related spending was for services that were not performed.
- MCEC transferred over $6 million to a private school and organization owned by Nancy New and also purchased curricula and supplies with TANF funds for the school.
- MCEC paid a speeding ticket for Nancy New with TANF funds.
- MCEC made multiple donations with TANF money—like donations to the American Heart Association, the Mississippi Highway Patrol, booster clubs, beauty pageants, universities—and provided no proof the donations were used to help the needy. FRC also made unallowable donations.
- MCEC paid for extensive unallowable advertising, like using TANF money to advertise at the NCAA basketball tournament and a college football bowl game. TANF money was also used to purchase tickets to a college football game.[5]

State Officials Using the State Plane for Non-Official Trips

Project Momentum analyzed how much the state pays to maintain the 1993 Beechcraft King Air 350 used for government officials to take state trips. If the state sold the aircraft and instead relied on commercial or chartered travel, auditors estimate it would save taxpayers over $1 million annually.[6]

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[4] See Appendix III.
[5] See Appendix IV.
[6] See Appendix I, Pg. 28-29

Auditors reviewed flight records from the Department of Finance and Administration (DFA) during this analysis. Those records showed an instance where state officials used the state plane to take a trip to an out-of-state college baseball game.[7]

Hundreds of Thousands of Dollars for State Employees' Cell Phones That Rarely Get Used

OSA analyzed multiple state agencies and their policies on providing cell phones to state employees. OSA analysts found that in any given year, the state of Mississippi spends around $340,000 on cell phones for state employees that never used or used less than 50 minutes a month.[8]

Books for Public Libraries Teaching Children Controversial Material

The Mississippi Humanities Council in 2020 launched a grant program to help Mississippi public libraries purchase books on "how to create a racially equitable society." The proposed reading list included books that taught kids that "whiteness is a bad deal."[9] The reading list was funded by a taxpayer grant and was built with approval by the Mississippi Library Commission, a state agency. The Trump Administration has since cut funding for the Mississippi Humanities Council as a part of its DOGE initiative.

Millions in Education/Health Benefits to Illegal Immigrants

OSA analysts reviewed data from several federal agencies to estimate the cost of illegal immigration to state taxpayers. Using the most conservative data available, OSA estimated that at least 22,000 illegal immigrants lived in Mississippi in 2024. Under that assumption, illegal immigration costs Mississippi taxpayers over $100 million annually. The costs are divided among the following three categories:

- Education – analysts used information collected by the University of Mississippi's Population Studies Center to project approximately 2,500 illegal immigrants attend K-12 public schools in Mississippi. Once factoring in how the Mississippi Student Funding Formula (MSFF) allocates resources, analysts estimate Mississippi taxpayers pay $25 million to educate illegal immigrants each year.
- Healthcare – the Emergency Medical Treatment and Active Labor Act (EMTALA) guarantees everyone in the United States the right to emergency medical treatment. Approximately 50% of illegal immigrants have no health coverage, and 38% of illegal immigrants rely on emergency medical services for primary care. Once factoring in emergency room visits, births to illegal immigrants, and children born to illegal immigrant parents on Medicaid rolls, analysts estimate that Mississippi taxpayers spend up to $77 million on healthcare for illegal immigrants and their children each year.
- Public Safety – Federal immigration enforcement agencies often require state or local jurisdictions to hold illegal immigrant detainees in jail until they can be transferred to federal custody. Using available data, analysts project Mississippi taxpayers will spend at least $1.7 million annually incarcerating illegal immigrants.[10] This does not include other costs—like the

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[7] See DFA records.
[8] See Appendix V.
[9] See Appendix VI.
[10] See Appendix VII.

cost of training law enforcement officers on immigration law or the increased cost of policing/patrolling high-crime areas—that can result from illegal immigration.

Millions Going to DEI Offices that Spend Money on Things Like Equity-Based Yoga for Preschoolers

OSA conducted a survey of Mississippi's eight public universities to determine how much money these universities spent on Diversity, Equity, and Inclusion (DEI) programs.

Results from the survey show Mississippi universities budgeted at least $23.44 million on DEI programs from July 2019 to May 2023 and that close to $11 million of these funds came directly from state taxpayer funds. DEI spending has also increased by 47% since July 2019.

Furthermore, Mississippi universities collectively budgeted over 60% of reported DEI funds every year to employee salaries. One DEI staffer at a public university had a salary that was more than the Governor and Lieutenant Governor's salaries combined.[11]

One university's DEI initiative disbursed a grant to study "an equity-based approach to mindful yoga" for preschoolers, held seminars decrying "whiteness," and sponsored "Pride Weekend," among other things.[12]

More Money Spent to Insure State Office Buildings than the State of Florida Pays to Insure Its Buildings and Unused Office Space the State is Renting

Project Momentum analyzed how much Mississippi pays to insure state office buildings and compared it to how much other states, like Florida, pay. Even though Florida has three times as many state buildings (~21K compared to ~7K) and is also prone to natural disasters, Florida only spends $12.2M annually while Mississippi spends $13.8M for insurance coverage on state-owned properties.[13]

Grants from the Rural Physicians Scholarship Program to Doctors Who Don't Actually Serve Rural Areas

The Mississippi legislature established the Mississippi Rural Physicians Scholarship Program (MRPSP) in 2007 and the Mississippi Rural Dentists Scholarship Program (MRDSP) in 2013 to address the state's healthcare shortage.

OSA analysts found that approximately 25% of all Rural Physicians and 14% of all Rural Dentists Program participants have breached their contract. Analysts also found that approximately 10% of active participants in the Rural Physicians Program are practicing in areas not considered rural. This is due to the fact that the rules for the programs are vague and do not preclude cities like Flowood from being designated "rural," despite the fact that it borders Jackson, Mississippi's largest city.[14]

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[11] See Appendix VIII.
[12] See Appendix VIII.
[13] See Appendix I, Pg. 20-21, Exhibit 12
[14] See Appendix IX.

School Districts Paying for Multiple Pieces of Software that All Do the Same Thing

OSA conducted performance audits of several school districts. OSA identified over $9.5M in potential savings in those districts. Recommendations for savings included the following:

- Reducing Human Resources budget to be closer in comparison to regional peers
- Make purchases from vendors on the state's contract listing to reduce the price of goods and services by 10-20%
- Review existing bus routes to reduce costs and make the routes more efficient
- Eliminate pieces of software purchased that do the same thing as already purchased software[15]

Bloated Education Administrator Salaries Compared to Other States

OSA released a report in April of 2019 that showed that K-12 administrative spending in the state increased over a ten-year period even while the number of students and teachers went down.[16]

OSA followed this report with another study in March 2024 that examined inside- and outside- the classroom spending in the K-12 education system. The report showed that since 2006, administrative spending grew by 6.5% while inside-the-classroom spending declined by 7.76%.[17]

Project Momentum also analyzed education spending in 2024 and reached the same conclusion. Findings showed Mississippi spends a higher percentage of its K-12 budget on administration than every other state in the South. If Mississippi schools reached the national average, it would mean more than $200M additional dollars to support student instruction.[18]

Career and Technical Programs with No Measurable Outcomes

OSA analyzed over $43 million in taxpayer dollars that K-12 schools received in the 2018-2019 school year for Career and Technical Education. Auditors attempted to answer questions related to the programs intended outcomes, whether they were being monitored appropriately, if the requirements in state law were being met, and if data submitted by the Mississippi Department of Education (MDE) was accurate.

Analysts determined that the outcomes of the program couldn't be accurately measured, MDE was not accurately tracking student career pathway employment after graduation, and that requirements in state law weren't being met.

OSA auditors made recommendations including a requirement that MDE provide uniform definitions of performance measurements for the Career and Technical Education program.[19]

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[15] See Appendix X.
[16] See Appendix XI.
[17] See Appendix XI.
[18] See Appendix I, Pg. 46, Exhibit 22
[19] See Appendix XII.

More Spending on Cars for State Employees than the States of Louisiana, Arkansas, or Iowa Spend

Project Momentum analyzed how much state government spends on travel, vehicles, and fuel compared to other similar states. The results showed Mississippi spends significantly more (by $3M - $10M) than states such as Louisiana, Arkansas, and Iowa.

Results also showed that Mississippi's travel, vehicles, and fuel spending has grown at a rate that exceeds inflation.[20]

Taxpayer Funding for College Degree Programs that Teach Trans/Gender Ideology

Mississippi public universities all receive tax dollars that they use to help fund their degree programs. Some of these tax dollars have gone to fund degree programs like "Gender Studies" which offers classes like "Gender and Sexuality in Cinema," "Gender and Zombies," and "Introduction to Queer Studies."[21]

Hundreds of Millions in Unemployment for Ineligible People

The CARES Act enacted by Congress in response to the COVID-19 pandemic required state unemployment agencies to increase the amount of benefits paid to claimants. OSA auditors found the Mississippi Department of Employment Security (MDES) opted to ignore existing controls in order to process the increased number of claims. These controls included some authorization, approval, and verification procedures.

Auditors discovered that due to these controls being ignored, MDES saw a 301% increase in overpayments of benefits. Some of the examples of fraud in those payments include payments made to individuals who never lost or had a reduction in wages, fraudulent payments due to stolen identity, payments made to incarcerated individuals, and payments made to international criminals.[22] In total, more than $590 million in unemployment compensation was misspent in Mississippi during the COVID-19 pandemic.

OSA launched also "Operation Payback," a detailed investigation into unemployment compensation fraud that used a unique data analytics tool to identify fraudsters. Operation Payback secured its first indictment associated with the operation in May of 2024 when a man who was incarcerated while applying for unemployment benefits was served with a 59-count indictment.[23]

Eliminate Unnecessary Owned Buildings

Project Momentum analyzed how much state government was spending on office space per government employee. Analysts found that more than half of state-leased buildings exceed the Department of Finance & Administration's (DFA) maximum space allocation of 250 square feet per

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[20] See Appendix I, Pg. 20, Exhibit 11
[21] See Appendix XIII.
[22] See Appendix XIV.
[23] See Appendix XIV.

employee. This standard also already exceeds federal and private-sector standards by 20% and 40%, respectively.

If Mississippi mandated the use of DFA's space standards for all agency office space then the state could save an estimated $4 million per year. The state could also go further and adopt federal standard of 200 square feet per employee which would result in an estimated $6 million in savings per year.[24]

Commercial Vehicle Inspector Team Larger Than Other States

The Mississippi Department of Public Safety (DPS) in recent years absorbed the Department of Transportation's (DOT) commercial vehicle inspection team. Project Momentum compared Mississippi's commercial vehicle inspection team to other similar states and found Mississippi has more employees for every resident served compared to other states. If DPS reduced the size of its commercial inspection team to match those of other, similar states, Mississippi could save an additional $6 million to $7 million per year.[25]

IT Contracts That Are Too Expensive

Project Momentum found the state of Mississippi is not negotiating contracts effectively to get the best deal possible for taxpayers. Analysts found that the Mississippi Department of Revenue (DOR) purchases two products from Fast Enterprises to help with revenue administration and driver and vehicle services/registration. Two other states with larger populations and tax bases (Arkansas and Utah) purchased the same two features from Fast Enterprises, yet they spent $2 to $4 million less than Mississippi.[26] Improving procurement operations between state agencies and adding a DFA review process to improve state coordination would help agencies get better deals for taxpayers.

Millions Spent on Under-Utilized Vehicles and Unnecessary Staff at MDOT

OSA conducted a performance audit of the Mississippi Department of Transportation (MDOT) to identify ways the agency can streamline operations. The performance audit found that MDOT could save up to $13 million by eliminating under-utilized vehicles, $895,000 by not replacing under-utilized commuting vehicles, and $600,000 annually by eliminating unnecessary staff in fleet maintenance.

Analysts also suggested MDOT might be able to save money by recruiting more vendors to participate in project bids, because a lack of competition in the bidding process has been proven to increase MDOT project costs.[27]

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[24] See Appendix I, Pg. 27-28, Exhibit 15
[25] See Appendix I, Pg. 38, Exhibit 18
[26] See Appendix I, Pg. 14-15, Exhibit 6
[27] See Appendix XV.

Appendix: I
2024 Project Momentum

Project Momentum

Report issued by the
Office of the State Auditor
State of Mississippi

October 2024

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List of Exhibits

1. Executive Summary

Project Momentum, initiated by State Auditor Shad White, is the product of an interagency effort to drive taxpayer savings through complex analyses of Mississippi state agencies. These analyses identified opportunities for the Government to become more efficient while delivering similar or improved taxpayer service. **So far, Project Momentum has identified 31 agency-specific and several other cross-agency opportunities that could result in over $335M in fiscal savings for Mississippi taxpayers.** Project Momentum initiatives achieve savings through various mechanisms, including procurement, digitization, and changes to service design. These immediate run-rate savings can help fund strategic investments Mississippi needs to further save taxpayers money.

2. Overview of Project Momentum

Context

Over the past few years, state Government work in Mississippi has become increasingly complex, with the COVID-19 pandemic and other factors forcing changes to Federal and state regulations. At the same time, the state's workforce – those responsible for delivering these critical activities – has shrunk substantially. Since 2018, the number of state employees has decreased by 11%—meaning fewer people do more work.

At the same time, residents' expectations of Government have grown. The COVID-19 pandemic changed how Mississippians interact with businesses and their employers and families. Many residents now work remotely or conduct normal transactions digitally. However, our state Government has been slow to adopt digital / remote services that would provide faster, better services to taxpayers. Thus, the change in what residents need requires updating how our state Government operates. In the future, Mississippi residents may rely increasingly on digital transactions (versus paper-based) and remote interactions (versus in-person). Together with Mississippi Government's increasing responsibilities and shrinking staff, residents' changing needs further underscore the need to rethink how Government accesses, engages, and serves its constituents.

Furthermore, proactive steps that enable the state to operate more efficiently serve to strengthen the state's fiscal resilience and ensure long-term sustainability of its essential services. As we retreat from the revenue peaks seen during the COVID-19 pandemic, Mississippi must be better positioned to withstand economic uncertainty and sustain a high level of quality with fewer resources.

Project Momentum is a roadmap to improving Mississippi Government's efficiency by eliminating unneeded services, expanding the capabilities of state employees, and capitalizing on our state's progress by providing clear value to taxpayers.

Project Momentum goals and scope

Project Momentum focused on 13 large state agencies with a collective spend of more than $5B. These agencies were selected based on the size of their budgets and level of interaction with Mississippi residents. Only state general and special funds were considered in-scope for this effort to ensure maximum return for Mississippi's taxpayers. An overview of those agencies in scope is below.

Exhibit 1: Project Momentum focuses on 13 Mississippi state agencies

Agency	State General & Special Funds FY23 ($M)
Education (MDE)	3,006
Medicaid (DOM)	1,167
Corrections (DOC)	406
Public Safety (DPS)	174
Revenue (DOR)	158
Finance and Administration (DFA)[1]	137
Child Protection Services (CPS)[2]	117
Environmental Quality (MDEQ)	77
Human Services (DHS)	75
Wildlife, Fisheries & Parks (WFP)	54
Mississippi Development Authority (MDA)	26
Emergency Management Agency (MEMA)	23
Employment Security (MDES)	5
Total	5,425
	Source: Mississippi Transparency

Project Momentum's goal was to identify initiatives that would save taxpayer dollars while maintaining current levels of service to residents, or improve service delivery with no net financial impact. Savings were estimated based on run-rate and annual projections—meaning that efforts that would only result in one-time reductions were discarded. However, strategic approaches requiring one-time investments – either financial or via state legislative efforts – were considered. These parameters were put in place to ensure that the recommendations from this effort would comprise the most transformational ideas while still being sustainable.

State Auditor Shad White led a dedicated team that embarked on a comprehensive analysis of state operations. The team worked closely with the leadership and staff of the 13 agencies to understand customer needs and legislative requirements while benchmarking many other U.S. states' practices.

Project Momentum identified 31 agency-specific initiatives across the 13 agencies. These initiatives ranged from tactical changes that agency staff can pursue unilaterally, to strategic approaches that set long-term goals. The initiatives include cross-agency recommendations, such as procurement process updates or consolidation of the state's real estate footprint, in addition to efforts specific to one agency's target customers, such as improvements to the state's long-term care service offering for Medicaid recipients. If implemented, these initiatives would save $229-$338M annually, or 4%-6% of the responsive agencies' current budgets.

Key themes are summarized in the following section.

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[1] Includes funds for Bureau of Buildings
[2] Estimated expenses for division when part of DHS

3. Key Themes

The following four themes summarize the opportunities that Project Momentum identified.

1. Operate Government More Like a Business

State Government leaders recognize that they can learn a great deal from businesses' efficiency, innovation, and dynamism. However, too many parts of Government fall short of this ideal. The state should continue to adopt best business practices from the public and private sectors – chief among them investing in programs that deliver higher return on investment (ROI) and reduce or eliminate activities that result in lower ROI. This means that the state must:

1) Adopt a more strategic approach to spending.
2) Focus more on customer service.
3) Ruthlessly eliminate or alter failing programs.

State agencies should continuously re-evaluate their portfolios to ensure that services directly benefit Mississippi residents and businesses. Often, governments add programs without re-evaluating if existing ones are still achieving their intended outcomes. For example, the state has owned golf courses for years, yet they are barely used by Mississippi residents. This has resulted in lost taxpayer dollars annually. These resources could be better used elsewhere.

State services should either be reformed or eliminated if they cease to meet their intended purpose, or if the public no longer wants or needs them. In many instances, this requires close analysis of data and a focus on implementing the appropriate best practices to help inform agency activities.

The state must serve its taxpayers with a customer focus – serving residents the same way that businesses seek to understand their clients' needs and provide the relevant services.

2. Focus on Prevention and Readiness

Recent catastrophic events underscore that preventing or avoiding problems is cheaper than fixing them after they occur. This applies to everything from natural disaster management to investing in preventative healthcare, to reducing the number of children who end up in the foster system. In each case, preparedness, prevention, and mitigation can reduce the cost of future recovery. For example, investing in programs that enable at-risk families to keep their children in their homes can reduce the number of expensive foster care placements. Even as CPS has faced challenges in keeping up with the level of need, Mississippi has continued to spend a much smaller share of its funds on prevention than other states.

Proactive planning requires Government actions to shift to preventative ones (as opposed to the day-to-day "firefighting" that many agencies are used to). Agencies must take a longer-term mindset, given that many preventative measures take time to show measurable results.

3. Use Data and Technology to Complement state Efforts

Despite active cooperation from all 13 state agencies covered by this report, in too many cases, Government leaders did not have access to essential data about their operations. In some instances, agency leaders could not tell us how their organizations were structured or even how much various programs cost. Despite their best efforts, state leaders did not have the data and technology to enable their decision-making—similar to running a business without access to payroll data.

Investing in technology and data is required to streamline state operations and enable Mississippi to provide efficient, effective services for its residents.

Mississippi can follow the example of other states by integrating new tools and technology across agencies. For example, CPS agencies in other states have streamlined eligibility verification processes because they have switched to new digital tools and automation. In Mississippi, we have seen that existing technology can hinder agency operations, especially if tools are outdated or not aligned with established staff processes. It is critical that the systems and technology deployed be fit for purpose and that staff workflows be designed to take advantage of the benefits these tools unlock.

4. Get More from Goods and Services Purchased

The state is a massive organization. It spends billions of taxpayer dollars annually on a wide range of goods and services. As a major purchaser, the state should be getting the best possible pricing and value from its spending. The state should purchase only what it needs and buy goods and services in the same way a business or household does – with an eye toward quality and maximum value for money spent. Mississippi falls far short of this, receiving poor pricing or bad deals from its vendors.

For example, Mississippi has a contract to purchase Dell computers. Still, it pays a higher price than individual consumers could find from Dell's consumer website. At the same time, several agencies across the Government are purchasing identical goods — from janitorial services to software products — but paying different prices. These examples point to a simple fact: Mississippi taxpayers are getting a worse deal for the products and services they purchase than residents in other states.

There are opportunities for agencies to address this challenge, such as:

- Coordinate and plan purchases better, using buying power to obtain bulk discounts.
- Ensure that agencies are buying only the goods and services needed.
- Ensure that after goods or services are purchased, agencies get what they paid for.

4. Agency-wide Efforts

Procurement is among the biggest challenges that all agencies face. To address it, Project Momentum identified opportunities to improve procurement processes across all state agencies (versus individual changes in each agency) in a coordinated manner. These opportunities can maximize the impact of the recommendations.

4.1   Goals of a successful procurement function

Procurement underpins operations for almost every Mississippi agency. Across Mississippi, agencies that participated in Project Momentum emphasized that procurement takes up significant time and energy. The tension between the importance of procurement and the challenges agencies face lead to situations in which taxpayers do not get the best value for their dollar.

Successful procurement operations should perform three key functions:

- **Consolidate purchasing and make better use of contracts**. Successful procurement operations across states or companies ensure that all departments work together to purchase in bulk to get the best deals and quality. In addition, these organization effectively negotiate and use contracts to ensure best value.

- **Streamline processes and policies to make procurements quick and effective**. Agencies need to be able to quickly acquire the goods and services they need – especially as needs change – and in a way that reduces the burden on staff. In addition, policies should be designed to ensure that the state is getting the best deals and pricing.
- **Manage demand to buy only what is needed.** Agencies should carefully plan and time purchases to acquire only what is needed, and at the right time – especially for goods and services that have fluctuating prices. In addition, there should be an effort to share and use resources across the state as much as possible (without buying new goods every time).

A close review of Mississippi's procurement processes, data, and contracts suggests that the state has an opportunity to save taxpayers between $80M and $150M across spending categories. Of these categories, ~$35M to ~$70M would come from direct state spend, with the remaining savings in school district spend (the portion funded by the state). This is based on benefits seen in other public-sector organizations that have reformed their procurement processes.

4.2 Context on procurement in the State of Mississippi

The State of Mississippi directly purchases ~$550M of goods and services annually. In addition, school districts spend an estimated $620M using state funds for purchases.

Exhibit 2: Breakdown of state spend on goods and services

	Spending Category*	FY23 Spend ($)
State Spend	Fees & Services	82M
	Building Construction, Management & Furniture	76M
	Information Technology (IT)	67M
	Pollution Control & Social Services	34M
	Equipment, Engineering and Repair	28M
	Travel, Vehicles, & Fuel	27M
	Utilities	21M
	Insurance	19M
	Office Supplies, Uniforms and Postal Services	15M
	Employee Training & Contract Training	12M
	Media, PR & Communications	5M
	Legal Services	4M
	Other	160M
	State Agency Total	**$551M**

Spending Category*		FY23 Spend ($)
School District Spend[3]	Buildings & Building Improvement	199M
	General Supplies	135M
	Professional Services, Educational Services and Fees	112M
	Information Technology	72M
	Equipment, Cleaning and Maintenance Services (excluding transportation)	60M
	Construction & Architects	49M
	School District Total	**$627M**
Statewide	**Statewide Spend Total**	**$1,127M**
* This excludes certain direct transfers (e.g., Medicaid) and categories related to Corrections (including private prisons and prison healthcare) due to historic lack of suppliers.		

For the most part, each agency manages its procurement independently. Often, several agencies are involved in the procurement, depending on the types of goods and services being purchased. Specifically, the following entities are involved in this process:

1. **Department of Finance & Administration (DFA):** Sets procurement policies and regulations for other agencies. DFA also collects bids for certain statewide contracts (primarily commodities usable by all agencies as part of the pre-approved vendor list) and provides additional ad-hoc support, as requested, to agencies going through the procurement process. DFA ensures compliance with procurement regulations, including reviewing bids.

2. **Public Procurement Review Board (PPRB):** Responsible for reviewing Requests for Proposal (RFP) over a certain threshold (e.g., for professional and personnel contracts with a value greater than $75K, commodities contracts with a value greater than $500K). Agencies must submit information a month prior to the PPRB's meetings, when the Board reviews each RFP for consideration. In addition, the PPRB approves final selected bids.

3. **Department of IT Services (ITS):** Responsible for managing the end-to-end process for technology-related procurements to ensure compliance with state requirements (e.g., cybersecurity) and use staff experts who understand the subject matter. May use contractor support for contract reviews.

4. **Individual agencies:** The agency leading the procurement manages the end-to-end process, from determining a need, creating and issuing an RFP, and selecting the winning bid, for most goods and services.

Agencies can use pre-approved vendor lists for widely used goods and services. However, agencies must plan and purchase independently (excluding technology procurements managed by ITS) for unique needs. The actual procurement process involves several different steps:

- Agencies determine the need for a given good or service and decide if a new contract will be needed (i.e., if they cannot use an existing state contract).
- Agencies draft an RFP that articulates the requirements.

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[3] This amount reflects estimated State share of funding, and excludes local revenue sources.

- Agencies obtain PPRB approval to move forward with the RFP.
- Agencies publish and advertise RFPs, per appropriate guidelines.
- Agencies collect vendor bids and conduct a reverse auction (where the lowest-price bid is selected among eligible vendors) for vendors that meet the requirements.

Most agencies engaged in Project Momentum reported that **procurement is among the biggest challenges** in their day-to-day operations. In addition to individual agency issues, staff have expressed concerns about the procurement process. Staff pain points span from complaints about the inflexibility of procurement rules, to challenges in becoming experts in both the process and the different product and service categories (e.g., understanding the nuances of building services or advertising / marketing services).

At a high level, improving procurement outcomes – better pricing and quality of goods and services – will require a concerted effort to review contracts and make the procurement process more efficient. The state can implement improvements in the current structure (i.e., where procurement is managed individually by agencies and DFA primarily plays a policy-making role). Looking to the long term, the state should explore using a more centralized operating model that empowers DFA to act as a central procurement agency. This would ensure that these reforms are uniformly implemented, maximizing value from purchases.

The following sections explain the key pain points – and corroborating case studies – standing between Mississippi and a high-functioning procurement system. Each section concludes with a set of recommendations for the state.

4.3   Consolidate purchasing and make better use of contracts

Procurement in the State of Mississippi is managed independently by each agency, with DFA primarily playing a compliance role. This has led to multiple challenges, as shown below.

Exhibit 3: Agency staff pain points – consolidation

Pain points	Quotes from agency staff
Agencies often utilize different vendors or contracts for similar products & services	• "We needed to get a new building security contract – **the vendors and rates from the pre-approved list were so high that we went out and procured a better deal for ourselves**." • "I couldn't tell you the number of different copier contracts that we have."
Lack of systematic state-wide coordination (incl. with external entities such as schools) on procurement	• "We don't have any visibility or data into how school districts are using state contracts." • "It's up to us to proactively coordinate with other agencies to identify opportunities to share or collaborate on certain contracts."

4.3.1   Consolidate purchasing

After reviewing contracts, the Project Momentum team found multiple instances in which agencies purchase the same product from different vendors at different prices. Instead, agencies should

consolidate their purchasing so that the state has one vendor for any given product, for all agencies, with the lowest negotiated price and highest quality.

4.3.1.1   Case Study: IT

Dell provides common hardware and software for agencies. However, **for some products, such as monitors, the state-negotiated price is ~10% higher than the prices listed on Dell.com.** This is an unacceptable situation that further highlights the fact that the state does not consistently get the best deal for taxpayers. In addition, some products are priced ~50% higher than comparable products (e.g., monitors with similar resolution) – an unacceptable markup, especially given that these products are available through the Federal General Services Administration's (GSA) Advantage program (where the Federal Government negotiates contracts that state and local governments can use).

Over the years, agencies have purchased Microsoft Office licenses at different prices (up to 10% higher in some scenarios), despite having the same feature set. In addition, the current structure, in which agencies are required to solicit quotes from multiple suppliers, prevents the state from creating a bulk purchase agreement with one supplier to get the highest possible discounts.
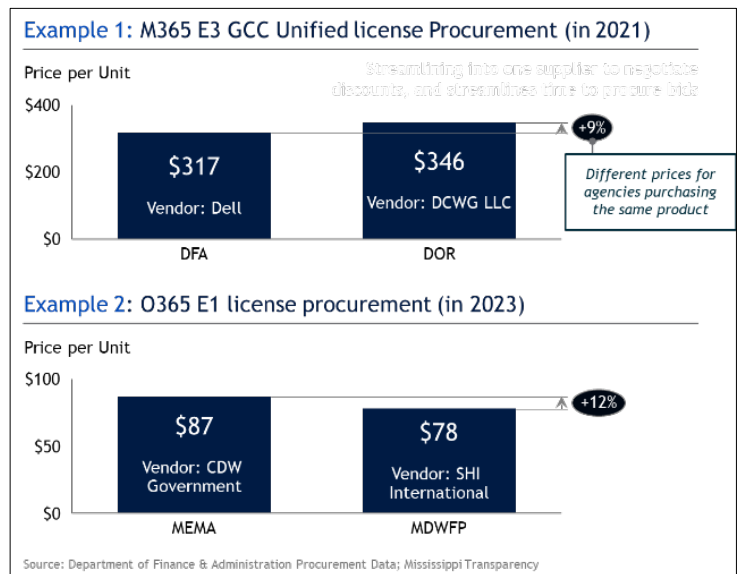
Exhibit 4: Public rates for Dell hardware can be lower than those negotiated by Mississippi[4]

Item	MS negotiated Dell unit price	Publicly available unit price for same product (e.g. Dell.com)	Best GSA "Cooperative Purchase" rate for similar product
Wireless Keyboard & Mouse	$50	$79 *(Higher than MS rate)*	$42[3] (16% reduction)
TV Screen	$5,887	$5,119 (12% reduction)	$2,197[4] (63% reduction)
Standard Monitors	$245	$195 (20% reduction)	$130[5] (47% reduction)
Laptop Backpack	$39	$44 *(Higher than MS rate)*	$24[6] (38% reduction)

4.3.1.2   Case Study: Engineering Services and Repair

The "fragmented" approach to procurement leads to scenarios in which Mississippi purchases goods and services from many suppliers – without consolidating spending to get bulk discounts. A notable example is the Engineering Services and Repair category, where Mississippi has significantly more suppliers than Arkansas (**Exhibit 5**).

Consequently, Mississippi has a much smaller share of spending in the top set of suppliers. Some 50% of Arkansas' spend is across its top 16 suppliers, whereas the top 50% of Mississippi's spend is spread across 52 suppliers. This fragmentation, or lack of consolidation, drives higher costs by reducing bulk discounts and introduces inefficiencies in the procurement process.

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[4] Rates through GSA Advantage allow State entities to purchase items using GSA contracts 2. Sizing range based on moving to public rates (low end) or GSA comparable product rates (high end) and weighing savings by quantity purchased in Dell PO from active contract 3. Pro Fit Mouse and Keyboard https://www.gsaadvantage.gov/advantage/ws/catalog/product_detail?gsin=11000056246915 4.Samsung 85" Smart TV - https://www.gsaadvantage.gov/advantage/ws/catalog/product_detail?gsin=11000097915541 5.Dell 24" monitor https://www.gsaadvantage.gov/advantage/ws/catalog/product_detail?gsin=11000100712790 6. Key Laptop Backpack https://www.gsaadvantage.gov/advantage/ws/catalog/product_detail?gsin=11000077710819 Note: Excludes 2 items where public market rates from other vendors could not be identified Source: Dell.com, GSA Advantage, Mississippi Transparency Dell Purchase Order Contract

Exhibit 5: Case study on Engineering Services and Repair

Equipment, Engineering & Repair

Total FY23 Spend by Vendor, % of Total Spend
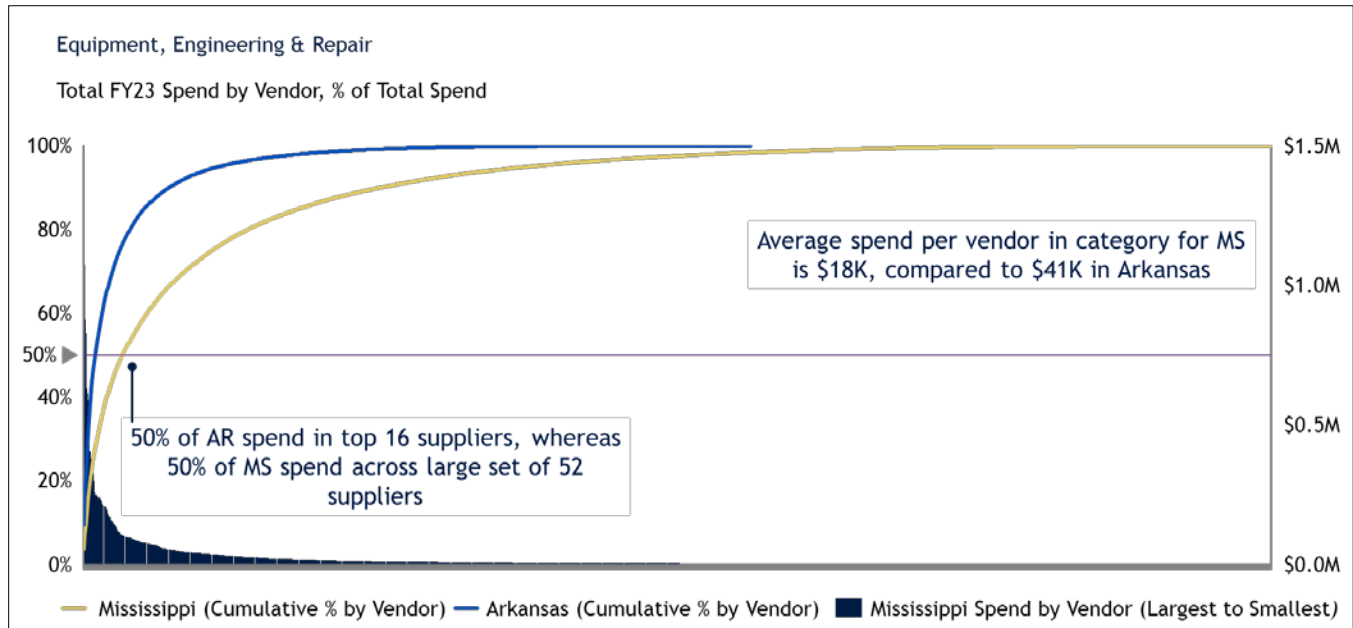
Source: Mississippi Transparency – includes state funding sources (General + Special) for in-scope agencies, Arkansas Transparency – including all fund sources for comparable agencies.

4.3.1.3   Case Study: Schools

Schools spend more than $600M of state funds on a variety of goods and services. In this highly fragmented process, each school manages its own procurement – and consequently, schools may not get the best value. In addition, schools use state contracts for certain goods and services, which, as outlined in this report, do not always provide the best value.

Please refer to Section 5.9 for details on the Mississippi Department of Education's (MDE) procurement spending and potential reform recommendations.

4.3.2   Make better use of contracts

In many instances, other comparable states get better deals than Mississippi. The state is not negotiating contracts effectively or using and enforcing new contract provisions to ensure that it gets the best deal possible.

4.3.2.1   Case Study: IT

The Mississippi Department of Revenue purchases two key products from Fast Enterprises. However, two other states with larger populations and tax bases (Arkansas and Utah) purchase the same two major features, yet spend $2M - $4M less than Mississippi.[5] This difference demonstrates that Mississippi's processes do not ensure that the state always gets the best value.

Exhibit 6: Spending more on Fast Enterprises than comparable states

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[5] GenTax, FastDS-VS 2. State Tax Collections (incl. taxes, fees, licenses, intergovernmental revenue, and insurance trust revenue from US Census Bureau & Tax Foundation Source: Utah Transparency Contract Data for "Fast Enterprises" (https://transparent.utah.gov/vendet.php), Arkansas Transparency Contract Data (https://transparency.arkansas.gov/), Mississippi Transparency, https://www.fastenterprises.com/about/,
https://tax.utah.gov/commission/reports/fy22report.pdf, https://www.lbo.ms.gov/pdfs/fy23_bulletin.pdf, https://www.dfa.arkansas.gov/images/uploads/budgetOffice/fy23_Annual_gr_forecast.pdf, Johns Hopkins University Director

4.3.2.2   Case Study: Media & Public Relations

The state relies on vendors to provide advertising services, but these services are often overpriced. For example, a state agency spent $3.2M on an advertising services contract and was authorized to spend up to $7.5M. The contract allows the vendor to charge $90 per hour in addition to a 10% commission for traditional media advertising purchases. Meanwhile, a Florida vendor providing comparable services to a state agency offered a lower, less-complex pricing model, charging a flat fee of 8.5% without additional charges for content creation.

Exhibit 7: Case study on Media, PR, and Communications

4.3.3   Recommendations

There are several opportunities to improve coordination across state entities, as listed below.

- **Share state contracts:** Mississippi should allow agencies to share state contracts ("piggybacking") to reduce the time spent on running new procurements and compel collaboration among agencies to ensure that they can get the best possible deal pre-negotiated by another state agency.
- **Add DFA review to improve state coordination:** Each agency runs its own procurement. Early in the process of writing an RFP, each agency should notify DFA to quickly ensure that no other agencies either (i) already have a similar contract that can be used, or (ii) are not going to start a similar procurement in the near term. This will help allow coordination across agencies without moving to a fully centralized model.
- **Improve procurement coordination between schools:** Schools should work jointly to procure goods and services to obtain better pricing, and seek the best possible value on deals (as opposed to biasing toward local suppliers in all situations). See the MDE section for additional detail.
- **Increased the use of state and Federal cooperative agreements:** Before releasing an RFP, agencies should check cooperative agreements across several major sources (e.g., Texas, GSA Advantage Platform) to assess whether ready-to-use alternatives with good value are already available. While agencies already have statutory authority, not all agencies systematically use this option in their procurements. The state should consider requiring agencies to attest to

having checked commonly available cooperative agreements before starting the procurement process.

Other opportunities to get better pricing and contract terms for the state include:

- **Conduct targeted reviews of contracts for renegotiation opportunities:** The state should consider establishing a centralized team that reviews key contracts across high-spend categories. This team would identify savings opportunities (e.g., contracts with less-favorable pricing than other states, categories with high-cost growth or fragmented supplier base) where the state can renegotiate contracts or identify alternatives.
- **Revise pre-approved vendor lists if / when more favorable contracts are signed:** Currently, DFA maintains a set of contracts with pre-approved vendors who provide different services (all priced within 25%) that other state agencies can use without needing to go through another procurement. However, there are situations when agencies receive better deals than what is on the pre-approved vendor list by running their own procurements. In these situations, the state should revise the pre-approved vendor list to include the new vendor. In addition, as mentioned above, agencies should try to use contracts issued by other agencies with better deals.
- **Use innovative contract terms to improve leverage: State** should include contract terms that incentivize vendors to provide the services (and pricing) they promised at the outset. Contract terms should be tied to Key Performance Indicators (KPIs) and outcomes.

4.4 Streamline processes and policies to make procurements quick and effective

Mississippi's procurement policies and processes are broken, with procurements taking a significant amount of time and draining staff resources. In some instances, such as for IT, procurements take so long that goods are obsolete by the time they have been procured. Agency leaders across the state reported that procurement was one of their top priorities for improvements and reforms.

Exhibit 8: Agency staff pain points – procurement

Pain points	Quotes from agency staff
Procurement rules are highly complex & inflexible	"Vendors have told us that **we are one of the hardest states to do business with**, and many of them choose not to bid for contracts."
Small technical / clerical mistakes require "re-procurement" significantly extend timelines	"There was **1 entry in a 500-page** document that wasn't properly redacted and the **entire 18-month process had to start over.**"
Inefficient protest measures	"All the vendors now know that **they can just protest a contract**, and force our hand into providing an emergency contract."

4.4.1   Case Study: Emergency Contracts

Emergency contracts were designed to be used during unforeseen emergencies (e.g., natural disaster or other crises), when the state must quickly procure goods and services. During such emergencies, time is of the essence – and agencies have neither the time nor the resources available to manage a full procurement process. In recent years, agencies have used emergency contracts at much higher rates than before. This is due in part to slow state procurement processes and to the growing number of private-sector contract protests.

The slow procurement process (in some situations, 18+ months) has led to multiple instances in which contracts are close to expiry – but the state has not yet signed a replacement contract. Thus, to ensure continuity of services, the state must issue an emergency contract to extend the existing one (or award a contract to a new vendor). In both scenarios, vendors charge a premium in the emergency bid, wasting taxpayer funds without providing the state with additional quality or service.

Moreover, vendors can easily file a protest when they fail to win a bid. In many of these instances, the state cannot issue a contract to the intended awardee until the protest dispute has been resolved (unless using a special provision that allows the state to award the contract after 90 days if essential). Sometimes, this process takes up to 1 year while procurement officials conduct internal reviews (first through an agency appeal, then through an optional PPRB appeal that vendors can file). The court system assesses the protest if the vendor chooses to file a suit (including the time for vendors to sanitize their bids of confidential materials when the protesting vendor requests to view other bids). During the protest period, the state must use emergency contracts while the full bid process is on hold, pending the protest outcome.

Emergency contracts, slow processes, and protests have led to a remarkable 428% surge in the overall value of emergency contracts. Emergency contracts now constitute more than 30% of all active state-funded contracts (by value).

Long procurement timelines and a low bar to file protests have driven a sharp increase in emergency contracts (representing 30%+[6] of state-funded contracts), as shown below.

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[6] Assumes "other" contract categories are competitive.
Represents contract value (i.e. allowable spend today) vs. actual invoiced spend.
Note: "Other" contract categories worth $588M – including "Approval Request," "Below Statutory Comp," "Procurement Request," "Quotes," and other non-categorized items. Excludes statutory exemptions and inter-governmental contracts.
Source: Mississippi Transparency

Exhibit 9: Case study for Emergency Contracts

Currently Active State (excl. Federal) contracts for in-scope agencies[2]
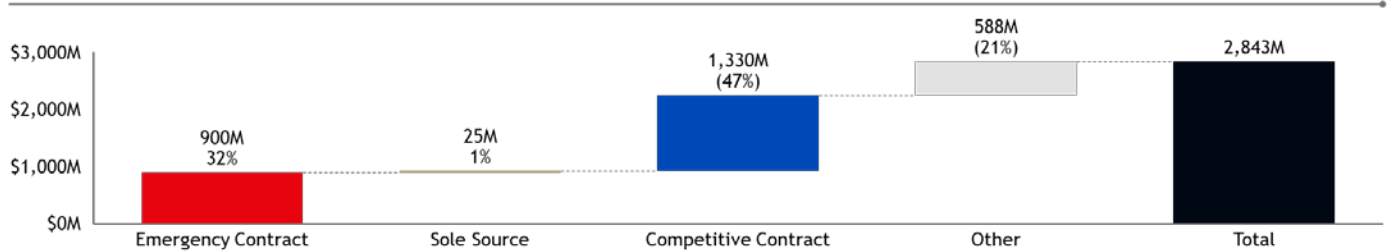
State (excl. Federal) emergency contract value for in-scope agencies by date of contract start
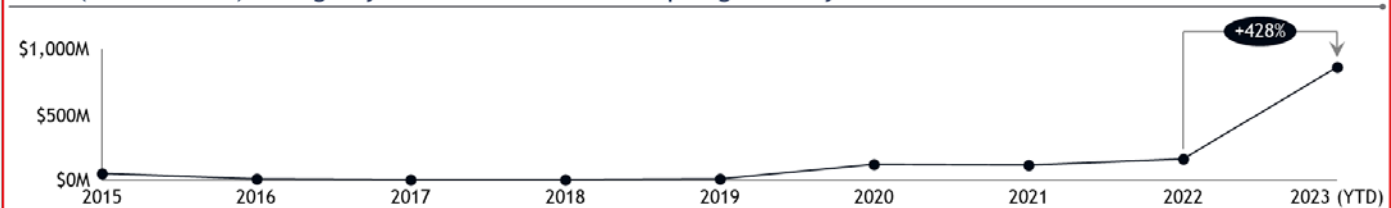
4.4.2 Recommendations

The state can implement varying degrees of the following procurement policies to ensure that smoother processes are in place:

- **Delegate authority for some procurements to DFA oversight staff versus PPRB:** Raising the threshold for all procurements or for those in a given category (e.g., commonly needed services, such as building services) to require approval from the PPRB (as opposed to by DFA oversight staff) could reduce the ~1.5 months spent awaiting Board approval (as the Board meets monthly). This could save time for the RFP approval process and the final bid selection. As a starting point, the state can investigate indexing the procurement thresholds to inflation, as has been proposed in other states.

- **Ensure sufficient staffing level for ITS:** The structure of ITS (which manages the end-to-end procurement process for IT vendors) is effective in leveraging the scale of the state and ensuring that IT experts are assigned to management procurements. However, agencies have reported that procurement timelines have stretched significantly. The state should revisit staffing levels for ITS to ensure that the agency has the necessary resources to complete IT procurements in a timely manner. In addition, the state should hold ITS accountable to procurement timelines (or provide timely updates to agencies on the status of their procurement) to better serve agencies.

- **Eliminate or streamline requirements for "blinded" proposal submission:** Currently, vendors must submit a blinded portion of their RFP response. In other words, the proposal response must not contain identifying information. Blinded proposals aim to maintain equity in the proposal review process. In practice, this burns a lot of staff time, as:
  - Agency staff must manually review every word in all proposal bids (which can reach thousands of pages) to ensure that they have been effectively blinded. This can take 2-3 weeks for some procurements.

- o DFA oversight staff must review proposal submissions after a bid is selected to confirm that they were effectively blinded. This can also take 2-3 weeks.
- o In some instances, if a proposal was not adequately blinded, the procurement must restart. Some companies report that they do not bid on Mississippi RFPs because of the added burden of blinding their proposal submission. This requirement potentially limits the state's access to high-quality bids. Adjusting the technical requirements for blinded proposals (e.g., removing the requirement, providing recourse process, increasing thresholds for procurements requiring blinded proposals) could save staff time and increase the number of firms competing for contract opportunities.

- **Remove PPRB appeal from the protest process:** Companies that protest bids currently have the option to follow a three-step process: (i) protest to the agency managing the procurement, (ii) protest to the PPRB, and (iii) file a suit. The protest process takes significant time and hikes up taxpayer cost by increasing reliance on emergency contracts. The state should consider removing the option to appeal to the PPRB (which requires representation from the Attorney General's office), as most vendors willing to move past the appeal to the agency may be likely to file suit regardless of the outcome.
- **Reform the option to view competitive proposals during a protest:** Currently, companies filing protests can request other bidders' proposals. In these scenarios, companies can redact confidential information in their bids – adding months to the protest process. Eliminating the option for companies to view other competing bids or identifying options to expedite the process to redact competitive information (e.g., limiting the time given to companies to redact their proposals) could reduce the time of protest processes.

Some of these procurement-related recommendations are currently being implemented by the state.

4.5   Manage demand to only buy what is needed

Many state agencies have continued to increase their purchases without looking closely at the assets and services other agencies have in place. In these situations, increased sharing could reduce new purchasing. In addition, procurement staff are focused on individual agencies (versus categories) and cannot be strategic about when to purchase services, reduce prices, and get the best deals.

Exhibit 10: Agency staff pain points – procurement

Pain points	Quotes from agency staff
Lack of holistic monitoring and cost controls on category spend – incl. insufficient post-award monitoring on category / contract spend to ensure outcomes are achieved (e.g., through KPIs)	• "There are times where **we're not collecting the data or information we need** to make sure the vendors are driving the outcomes we need." • "We're so busy trying to stay afloat going through procurement – [staff member] was working till 11 PM every night – that **we just don't have time to try to be super strategic about our purchases.**"
Lack of understanding of industry offerings and the complicated procurement processes	• "I feel like we've all had to become experts in procurement." • "It's sometimes a struggle to keep up with all of the needs and manage all of the different contracts."

4.5.1   Case Study: Travel, Fuel, and Vehicles

Mississippi spends $25M on travel, vehicles, and fuel – significantly more (by $3M - $10M) than comparable states such as Louisiana, Iowa, and Arkansas. In fact, Mississippi's travel, vehicle, and fuel spending has grown at an annual growth rate that exceeds the rate of inflation – and now stands at between +12% and +23% since 2015. Specifically, agency spending on new vehicles has surged dramatically, increasing sevenfold between Q3 2021 and Q3 2023, as car prices increased at a high rate. Despite being a predictable category (e.g., vehicle purchases can be planned for the next few years), state agencies increased their use of emergency contracts for new vehicles. This illustrates an opportunity to better plan for purchases.

Exhibit 11: Case study on Travel, Fuel, and Vehicles
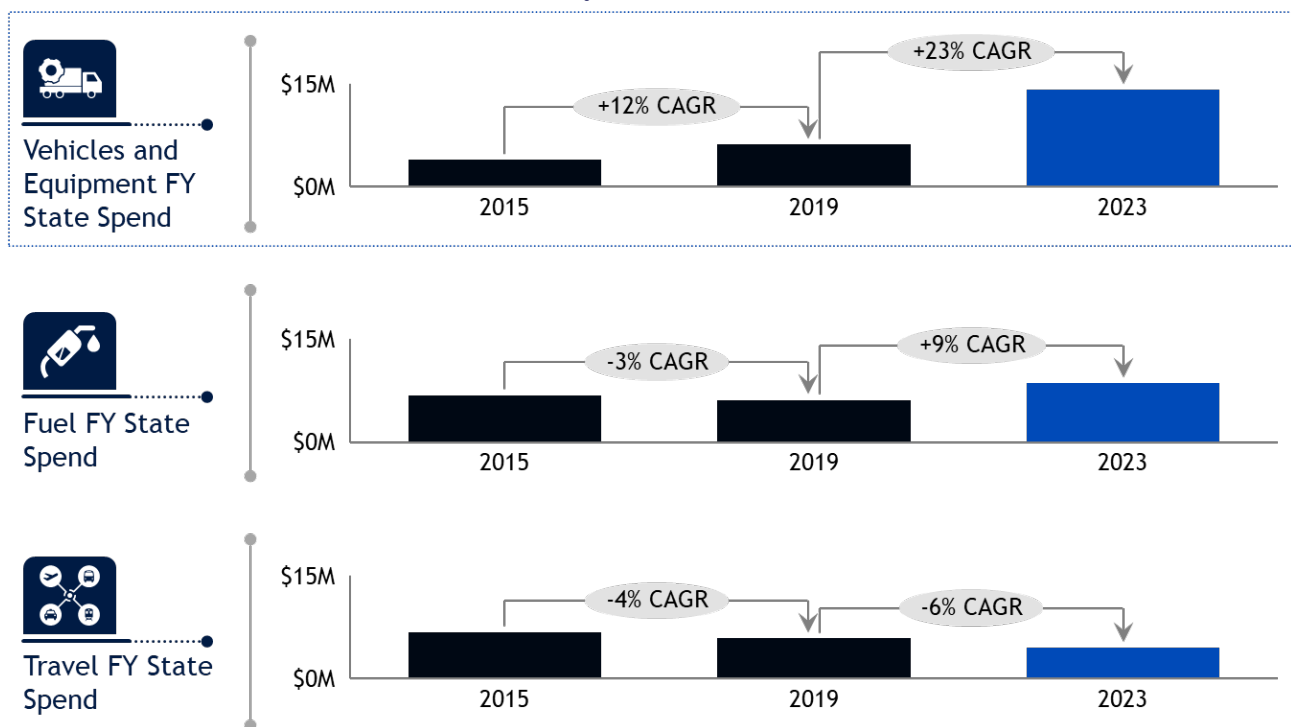
4.5.2   Case Study: Insurance

Mississippi purchases more property insurance than many other states do, and private property insurance covers all claims. In several other states, private insurance only protects against catastrophic damage. Mississippi also pays significantly more for property insurance than other comparable states. For example, Mississippi spends approximately 14% more on state property insurance than Florida, even though Florida has considerably more properties. Despite having three times as many property locations (~21K compared to Mississippi's ~7K), Florida's insurance expenditure remains at $12.2M. At the same time, Mississippi allocates $13.8M for insurance coverage. Please see the DFA section for additional information on property insurance spending.

Exhibit 12: Case study on Insurance

	Florida	Mississippi
# of property locations	20,719	6,655
Property insurance agency premiums (i.e., annual funding budgeted by the state)	$12.2M[7]	$13.8M
Premium per property location	$588	$2,073

4.6   Recommendations

Improving demand management requires supporting staff to have the resources and training to better know what they need and better understand the items they are procuring. Recommendations include:

- **Increase the use of Requests for Information (RFIs) and Requests for Quotes (RFQs):** Posting additional RFIs and RFQs (with a significantly shorter timeframe than RFPs) enables agency staff to develop a better understanding of market dynamics and vendor offerings. This can help agencies determine if the offered services meet agency needs and write more prescriptive solicitations in future procurements to ensure they receive the best offers.
- **Improve staff training and skillsets:** Given that each agency has its own procurement staff (usually a small team), staff are required to complete procurements across a range of categories (e.g., building services, advisory services). This limits the staff's ability to specialize in categories. In addition, agency procurement staff have a heavy workload, as they manage the various requests for each agency. The level of workload limits staff's time for upskilling and gaining procurement expertise. The state should provide procurement staff with additional training and revisit compensation levels to ensure that appropriately skilled staff are in place for successful procurements. This will play a vital role in ensuring staff purchase the necessary goods and services.
- **DFA to partner with agencies to improve use of existing state resources and inventory:** In addition to DFA checking on pre-existing contracts that agencies can use, the agency should inventory state assets and existing services to identify opportunities for increased sharing and avoid buying new items that the state already has.

4.6.1   Moving Toward Centralized Procurement

Adopting the recommendations outlined above will help individual agencies improve their procurement outcomes. However, the lack of standardization and uniformity across agencies makes it difficult to achieve the full potential in the absence of a centralized procurement function. In other states that have improved their procurement models, building a central procurement function has helped to drive a variety of benefits, such as:

- Agencies are able to think strategically about timing (e.g., purchase when prices are low).

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[7] Source: https://myfloridacfo.com/docs-sf/risk-management-libraries/risk-documents/annual-reports/risk-mgmt-annual-report-2022---final.pdf?sfvrsn=59248690_2, Mississippi Transparency for spend data, Department of Finance and Administration for Property Data

- Agency personnel can better navigate market offerings by maintaining market research and category expertise. Personnel also have opportunities to increase their expertise.

In practical terms, in categories (or agencies) that are a part of a centralized procurement model, the centralized model manages the RFP process, conducts category research and reviews, and manages procurement technology and processes. Individual agencies (those for whom the goods or services are being procured) can focus on providing relevant subject matter expertise.

Building a centralized function requires considering the following key characteristics:

- **Strategy & role:** The central entity should become a strategic partner for agency employees who procure goods and services by supporting them throughout the procurement life cycle – beyond merely providing support on compliance questions. The focus should be on increased speed, transparency, and value delivery while meeting regulatory requirements.
- **Stakeholder management:** Procurement staff should actively manage their relationships with core stakeholders through frequent and timely check-ins to understand needs ahead of time and ensure that expectations are continuously aligned and managed.
- **Organizational & personnel:** The central organization should assign the right talent and optimize the organizational structure by assigning personnel with the requisite procurement and category expertise. This can better serve agency needs and accelerate procurement timelines.
- **Process and regulation:** Processes should be streamlined to reduce the procurement cycle time, eliminate duplication of assignments to multiple individuals who lack clearly delineated responsibilities, and create a better work environment in which procurement staff can focus on value-additive tasks to find and source deals (vs. process-oriented tasks that feel like "check the box" activities).
- **Technology:** Build and manage the right technology functionality and governance model to drive more efficient operations, rather than slow them down. In addition, keep information in a centralized location and enable easier access to data to track and measure performance.

Moving to a centralized procurement model can be achieved in phases, eliminating the need to implement a major transition simultaneously. As a starting point, the state can centralize procurement for certain high-priority individual categories (e.g. building services) enabling agencies to begin realizing immediate savings. Moreover, such a move would provide an opportunity to document lessons learned and overcome challenges (e.g., with the new process) before the state moves to a fully centralized model. The State of Mississippi has started moving in this direction: IT is currently centrally procured by ITS, and DFA is expected to play a larger role in procurement for certain personnel and professional services contracts in 2024.

5. Agency-specific efforts

The following sections contain specific initiatives identified in each of the 13 state agencies.

5.1   Child Protection Services (CPS)

The Mississippi Department of Child Protection Services strives to keep Mississippi's children safely in their own families and communities. The Department's core mission is to protect children, support families, and encourage lasting family connections.

Project Momentum identified two opportunities for a total cost savings of $6M at CPS:

Initiatives	Estimated size of opportunity
Increase funding and capacity of preventative programs	$4M
Automate some eligibility verification processes	$2M

5.1.1   Background and Context

In 2016, CPS began separating from the Department of Human Services (DHS) to form a single entity to serve as the state's lead child welfare agency. The split was formalized in 2023, and after some initial operational issues in implementing the split (e.g., difficulties with payroll systems), the agency is now positioned to move forward with a new structure.

CPS currently operates under a Federal Consent Decree Settlement that sets guidelines around staffing and caseload levels. As a result, Project Momentum did not research any initiatives that would impact caseworker staffing or cases.

CPS operates with an annual state budget of $117M. To fulfill its goals, it deploys funds across several categories:

- **Salaries & Wages ($48M):** Staff to run programs and operations.
- **Commodities & Contractual Services ($29M):** External services procured to support operations and programs.
- **Subsidies, Loans, and Grants ($40M):** Additional funds provided to external entities.

5.1.2   Recommendations

1.   Increase funding and capacity of preventative programs

Investing in preventative measures protects children by keeping them out of harmful environments and saves funds that would otherwise be directed into the foster care system. However, compared to other states, CPS spends a much smaller share of state funds on preventative services (3% in Mississippi vs. 16% nationally).

CPS administers prevention services operated by external vendors to preemptively address family issues and keep children safely at home. Research shows an 84% success rate in keeping children out of foster care for the 2 years following participation in these programs. However, Mississippi's programs have a waitlist of 42 to 60 children per month, underscoring the importance of expanding prevention services approved through the Family First Prevention Services clearinghouse.

> **Key Lifetime Savings**
>
> • Foster care payments: ~ $5M
> • Lifetime spend on social services: ~$16M (not including in overall savings figure)
> • Unlock case worker time: Unsized
> • Increased contract for prevention services approved through the Family First Prevention Services Clearinghouse (e.g., additional funding, additional vendors): ~$1M in additional vendor payments

The state currently spends ~$6M annually on its in-CIRCLE prevention services program. **Investing an additional $1M per year** into prevention services meant **to serve those on the waitlist could result in a net savings of $4M to the state by keeping children out of foster care.** Costs of foster care average ~$9.4K annually per child, excluding the additional long-term costs associated with child placement. Increasing funding for preventative services is critical to improve outcomes for children and reduce overall cost to the state.

Note: CPS applied for and expects increased Federal funding for preventative measures through the 2018 Family First Prevention Services Act.

2.   Digitize eligibility verification processes

The primary role of CPS case workers is to engage with and provide support to children and families in need. However, CPS estimates that ~13% of case workers' time is spent on various administrative tasks related to eligibility verification. In many states, CPS agencies use software tools to automate eligibility and reduce the amount of time spent on paperwork.

By investing in these tools, CPS could significantly reduce the time spent on eligibility verification, freeing ~$2M worth of staff time. This time could be better spent engaging with and improving outcomes for children. Digitization can also enable CPS to provide targeted prevention and support services. For example, in Pennsylvania, Alleghany County deploys a tool that utilizes available state data to identify eligible families who are not accessing support services. This provides an easier path to access than traditional referral pathways that may require visits to county offices.

> **Integrated Data Systems Simplify Data Management for Staff**
>
> **Alabama** implemented FACTS – the Family, Adult, and Child Tracking System – to unify 29 legacy systems and improve usability by allowing staff to use mobile solutions.
>
> **Georgia** implemented the mCase solution that is slated for Statewide deployment – integrating with the child welfare system. These examples show the opportunity to unify systems.

3. **Coordinate healthcare facility licensure**

Different agencies manage healthcare facility licensure for disparate facilities. For example, CPS manages therapeutic group homes for foster children, while DOH regulates hospitals. Over the long-term, there is an opportunity to better coordinate facility licensure by centralizing or sharing data across agencies.

5.2   Department of Finance and Administration

Mississippi's DFA serves as the central financial authority for the state government. It offers a range of financial and support services to ensure the efficient function of state agencies.

Project Momentum identified opportunities to improve the state's real estate and physical assets portfolio through four initiatives worth $19M - $24M:

Initiatives	Estimated size of opportunity
Re-evaluate insurance on state properties	$10M
Upgrade inefficient buildings	$4M - $6M
Eliminate unnecessary owned buildings and reduce unnecessary leased spaces	$5M - $7M
Replace state owned aircrafts by outsourcing travel to charter and commercial alternatives	$0.3M - $1.3M

5.2.1   Background and Context

DFA operates with an annual budget of $135M (including state funds building construction), allotted to four main areas:

- **Property Management ($84M) –** To manage state facilities (including rental and owned facilities) and fund building construction for Mississippi entities (majority of expenditure).
- **Insurance ($19M) –** For all state employees, facilities, and tort claims
- **IT Services / Mississippi Management & Reporting System ($18M):** To manage IT systems (i.e., MAGIC), which provide payroll, HR, and procurement systems across agencies.

- **Support Service ($14M):** Variety of financial and operational services to other agencies (e.g., Budget, Procurement, Internal Audit, Surplus Property, Financial Management, state Air Transport, Travel).

5.2.2   Recommendations

1.   Move to a hybrid insurance model

Property and liability insurance markets have been in turmoil across the region. Property insurance prices are increasing as insurers exit markets. Mississippi has not been insulated from this trend, as the state's total spending on property insurance grew a substantial 22% between FY22 and FY23 (**Exhibit 13**).

Mississippi could save $10M annually by adopting a hybrid insurance model. This model is not new to Mississippi – the state currently uses this approach for workers' compensation claims. In this model, Mississippi leverages a self-insurance fund to pay claims across property, workers' compensation, general liability, and related items. In addition, the state purchases reinsurance or excess insurance to protect from catastrophic risk such as natural disasters. Premiums are typically lower, as the state relies on private insurers (only in disasters) and potential support from the Federal Emergency Management Agency (FEMA).

Exhibit 13: Rising insurance premiums
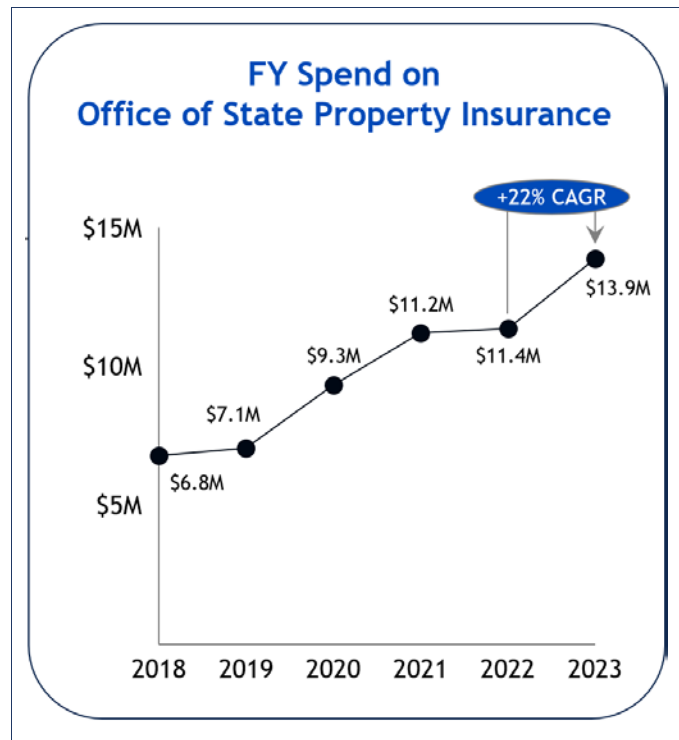
Exhibit 14: Self-Insurance provides a balanced model[8]

	Florida	Mississippi
Number of Property Locations	20,719	6,655
Property Insurance Agency Premiums (i.e., annual funding budgeted by the state)	$12.2M[1]	$13.8M
Premium per property location	$588	$2073
Est. annual MS savings per property (using Florida benchmark)		$1,485
Estimated annual Mississippi savings		**~$9.8M**

Mississippi will need to take several actions to implement this hybrid model (sometimes referred to as "captive insurance"):

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[8] Source: https://myfloridacfo.com/docs-sf/risk-management-libraries/risk-documents/annual-reports/risk-mgmt-annual-report-2022---final.pdf?sfvrsn=59248690_2, Mississippi Transparency for spend data, Department of Finance and Administration for Property Data

1. **Expand the existing workers' compensation trust** (or stand up a separate property insurance trust fund) using the state surplus to help kick-start the fund.

2. **Hire a third-party administrator** to manage claims (as is done for the Mississippi Workers' Compensation Trust).

3. **Purchase sufficient excess insurance / re-insurance** to protect against catastrophic risk.

4. **Appropriate the requisite annual premium** in the trust fund based on the state's claim history.

> **Mississippi Can Adopt Florida's Balanced Model**
>
> Though the State of Mississippi has just one-third the number of property locations as the State of Florida (~20K locations vs. ~6K locations), **Mississippi spends almost $2M more on property insurance per year than Florida** ($13.8M vs. $12.2M).
>
> If Mississippi could reduce its property insurance spend per location to Florida's level, it could save almost $10M a year.

Striking the balance between external and in-house risk management can help Mississippi obtain the best rates and save taxpayer dollars while maintaining sufficient levels of protection. To reach these savings, DFA is now reevaluating how state-owned buildings are insured.

2. Upgrade inefficient buildings

Utility prices have increased substantially in recent years, resulting in a combined energy and utility expenditure of $21M across in-scope agencies. Meanwhile, new energy-efficient technology and infrastructure have been developed. This is an opportunity for Mississippi to invest to reduce its long-term energy spend.

The state can save $4M to $6M in utility expenses by investing in energy-efficient improvements, such as enhanced insulation and HVAC upgrades. Notably, the Federal Government has continued to expand funding to enable state and local jurisdictions to fund investments in energy-efficient infrastructure.

There are several paths to funding energy-efficient improvements, including:

- Develop public-private partnerships with utility companies to share the investment cost (and eventual cost savings).
- Raise low-interest financing for energy-efficient infrastructure.
- Use state capital funds for upfront investments in capital upgrades.

DFA has used a small portion of existing maintenance appropriations over the years to enable targeted energy-saving upgrades. However, more (and systematic) funding could drive meaningful long-term savings.

3. Eliminate unnecessary owned buildings and minimize unnecessary leased spaces

Historically, the state has had a significant (in some instances, excessive) amount of office space per employee. While a Board has been appointed to address this challenge and approve leases going forward, this Board will only review leases when they are up for renewal. Some leases stretch into the 2030s – which means it could take up to another decade to see savings for taxpayers. This presents a critical challenge, as more than half of state-leased buildings exceed DFA's maximum space allocation of 250 sqft per person, as shown in **Exhibit 15**. This standard already exceeds Federal and private-sector standards by 20% to 40%.

Exhibit 15: State-leased buildings that exceed DFA's space allocation: 50%+*

* Note: Each point represents a single building. The different colors represent different agencies.

Uniformly mandating the use of DFA's space standards for all agency office space could save an estimated $4M. In addition, the state could go further and adopt the GSAs' standards of 200 sqft per person, and subsequently consolidate agencies into a smaller set of leases or spaces. **This could save Mississippi up to ~$6M.** It would also further reduce utilities spending in state-owned buildings by an additional ~$1M due to the smaller footprint.

4. **Fly commercial or charter for official state trips**

Mississippi's Office of Air Transport Services owns and operates a 1993 Beechcraft King Air 350 for government official use on state trips. The aircraft presents a burden to the state, costing an estimated $1M in annual maintenance fees alone. In addition, DFA is responsible for employing and determining a salary for a pilot as well as operating expenses (e.g., fuel, cleaning, insurance), estimated at an additional ~$0.3M, though this estimate is highly variable depending on the number of trips taken. This presents the state with a substantial recurring cost, when cheaper and better alternatives exist.

Approximately 37% of U.S. states (and D.C.) have foregone state-owned aircrafts for official travel and instead **deploy commercial and/or chartered alternatives**. Mississippi can achieve

additional cost efficiencies by selling its state-owned and operated plane via outsourced alternatives, including chartered and/or commercial flying.

The state can recoup $300K to $1.3M in maintenance and operating cost savings annually, with the added benefit of reduced liability and increased travel flexibility:

- Moving to chartered private flights as needed. Costs associated would be approximately $500K yearly based on 25 to 50 trips, at roughly 2-3 hours per trip and would grant state officials greater travel flexibly and limited liability for the state.

- Moving official state travel to commercial flying on an as-needed basis. Costs associated are approximated at $50-400K annually (variable by fare class and number of passengers), based on an average of 25 to 50 round trips per annum. Further, the state would enjoy limited liability; however, travel destinations would be restricted to established airports.

Many states use a combination of these alternatives to maximize flexibility and minimize costs associated with official state trips. **In addition to significant cost savings, doing so alleviates departmental burdens while freeing up funds to be reallocated towards other impactful state initiatives.**

5.3   Mississippi Department of Human Services

DHS serves hundreds of thousands of residents annually, providing benefits and services to help Mississippians gain economic security, develop skills to enter the workforce, and maintain safe and healthy home environments.

Project Momentum identified two overarching opportunities to streamline eligibility processes and reduce administrative spend in DHS offices. These initiatives make up $5M - $9M in potential savings:

Initiatives	Estimated size of opportunity
Streamline eligibility verification, e.g., implement simplified reporting, share verification data, move to paperless operations	$4M – $6M
Consolidate county office administration	$1M - $3M

5.3.1   Background and Context

DHS operates with an annual state budget of $75M. To fulfill its goals, it deploys funds across six main services:

- **($21.4M)** Food Assistance: administer SNAP / TANF benefits.
- **($17M)** Support Services: provide HR and other administrative services to DHS divisions.
- (**$14.4M)** Youth Services: administer probation, aftercare services and institutional programs for juveniles.
- **($11.8M)** Child Support Enforcement: establish and enforce support obligations and collect and distribute support payments.
- **($7.7M**) Early Child Care & Development: assess children's and youth's needs and make recommendations to Governor and Legislature.

- **($3M)** Aging & Adult Services: provide senior centers, transportation, meal delivery, and other assistance services to the elderly and vulnerable adults.

Of the agencies in scope, DHS employs the second-highest number of personnel, with almost 2,000 staff members across various functions. In the past few years, DHS has experienced a variety of challenges that range from staffing shortages to inefficiencies in service delivery. These challenges have increased the burden on administrative staff and risk impacting the quality of services that beneficiaries receive. Several initiatives can be implemented to improve efficiency and enable the Agency to better achieve its core mission.

5.3.2   Recommendations

1. Introduce simplified reporting for SNAP benefits eligibility

Since a legislative change in 2018, Mississippi has required **change reporting** for SNAP eligibility verification, which requires all households to report any change in income > $125 within 10 days of the change. **Simplified reporting**, alternatively, only requires households to report changes outside of the normal 6-month recertification period **if it impacts eligibility** (>130% Federal Poverty Level). Mississippi is the only state in the country that does not allow simplified reporting for any beneficiaries.

Adopting simplified reporting results in the same level of benefits delivered while reducing burden on staff, and it would save the state ~$1.9M annually in administrative costs.

> **Simplified Reporting**
>
> A 2019 Manhattan Strategy Group report showed that simplified reporting reduces administration expense by ~7% per case.

Since implementing change reporting, DHS has seen increasing payment error rates, often due to clerical error in case processing rather than improper benefits delivery. The average payment error rate from 2011-2018 was 2.3%. After change reporting, the payment error rates increased to 6.57% in 2019 and 7.79% in 2022.

States with a payment error rate higher than the Federal threshold of 6% for 2 consecutive years are liable to incur Federal fines. In 2019, the average state penalty was $3.2M. **Should Mississippi continue to see payment error rates at this level, it may be liable for future Federal penalty.**

If policymakers do convert to a simplified reporting system, the resulting savings should be invested in tools to check whether beneficiaries are accurately reporting their income. This could come in the form of increased funding for compliance officers, investigators, or data analytics (e.g., data sharing across government agencies to identify discrepancies in what the beneficiaries report) to identify beneficiaries who are defrauding the system. This investment in eligibility checks will, in turn, generate increased savings for taxpayers.

2. Consolidate County Director roles

DHS operates 82 offices across the state as a result of a statutory requirement to have an office and County Director in each county. There are several challenges with the current county office model:

- The volume of cases per office varies significantly, with the top 9 offices by volume serving more than 75% of beneficiaries.

- County offices are highly understaffed due to recruitment and retention challenges.
- In many counties, social services agencies operate out of different locations despite serving overlapping populations, meaning Mississippi residents travel to multiple sites to enroll in or receive benefits.
- There remain fixed operational and administrative costs for each office regardless of case volume seen, resulting in outsized administrative spend in low-volume offices.

Given the low volume of cases seen in ~90% of offices, there is opportunity to consolidate County Directors to oversee multiple office sites. **DHS can save $1.6M annually in salary expenses by having County Directors manage two offices rather than one.**

Furthermore, DHS should consider consolidating county office locations with other divisions or agencies that provide benefits to overlapping populations (e.g., DOM, CPS). In some counties, agencies operate from the same location, although it is not standard practice across Mississippi. A shared-location model would result in further cost savings and an enhanced experience for beneficiaries.

3. Share document verification data between DHS and DOM

An increasing number of states have integrated SNAP eligibility systems and / or staff with Medicaid eligibility, given the volume of beneficiaries eligible for both benefits. This has eliminated redundant document verification across agencies, streamlined processes for eligibility determination, and enabled more consistent coverage for beneficiaries. In states like Louisiana, agencies have seen efficiency by sharing specific documentation data across SNAP and Medicaid without fully integrating eligibility systems or staff.

We estimate that the state could save $1.2M-$2.3M in administrative expenses by sharing document verification data. On average, 60% of SNAP clients are enrolled in Medicaid. Therefore, data sharing across agencies could impact more than 230K SNAP cases in Mississippi.

4. Digitize documents

DHS's processes for intake and case management are paper-based and highly manual. Payment error rates have increased in recent years (SNAP: ~8% in 2022), largely due to clerical / processing errors.

Other states and organizations have seen a 3%-5% savings in administrative spend by moving to a paperless system. **We estimate that DHS can save $400-$600K in administrative expenses by digitizing eligibility and case management.** In addition to time saved, other benefits not factored into the savings estimate include:

- Improved data security
- More efficient use of physical office space
- Reduced rate of clerical error
- Enablement of future digital enhancement and data sharing

5. Streamline reporting requirements

DHS staff produces status and impact reports on various initiatives and programs throughout the year. In addition to being time-consuming, these reports often overlap in content, yet require minor distinctions based on the audience or specific reporting mandate. The process for completing these reports, some of which are required monthly, has become overly burdensome on DHS staff.

Streamlining reporting requirements to reduce redundant content would free up staff hours for higher-value activities. Efficiency in this process, whether through revised requirements, report consolidation, or utilization of digital tools (e.g., GenAI), will allow staff to spend more time serving Mississippi residents.

5.4 Mississippi Division of Medicaid

DOM provides access to quality health coverage for the state's most vulnerable residents, including children, low-income families, pregnant women, the elderly, and the disabled.

Project Momentum identified opportunities to increase options for low-cost, high-quality services while streamlining indirect spend to enhance efficiency and better serve Medicaid recipients through **four initiatives worth $45M - $55M:**

Initiatives	Estimated size of opportunity
Provide more long-term care at home	$32 - $39M
Carve out Medicaid pharmacy benefit	$9M
Automate eligibility / enrollment process	$3M - $6M
Implement analytics for monitoring fraud, abuse, and overuse in programs	$1M

5.4.1 Background and Context

DOM operates with an annual budget of $1.2B operating across four main areas, including:

- **(1,032M) Medical services:** Contract, negotiate, oversee, and pay for Medicaid Fee-For-Service (FFS), MississippiCAN, Children's Health Insurance Program (CHIP), and premium assistance.

- **(10M) Other Health Support Programs:** Contract, negotiate, oversee, and pay for Long-Term Care (LTC), Home and Community Based Services (HCBS), Non-Emergency Transportation (NET) services, and school-based health programs.

- **(25M) Eligibility Enrollment:** Determine eligibility and manage enrollment across Medicaid offerings.

- **(101M) Disproportionate Share Hospital (DSH) / Clawback:** Make DSH payments and clawback payments.

Serving more than 25% of Mississippi residents, DOM has been challenged by soaring enrollment, particularly with the unwinding of the Medicaid continuous enrollment provision, coupled with under-staffed and over-burdened administrative and eligibility functions. It is more critical than ever that DOM implement more efficient, cost-saving initiatives to ensure enhanced benefits and services delivery. Controlling spend in high-cost areas and program administration (e.g., long-term institutional care, pharmacy benefit administration) will enable DOM to serve Mississippi's most vulnerable citizens more effectively.

5.4.2 Recommendations

1. Provide more home and community-based long-term care

The State of Mississippi spends more than $1.5B on long-term care services annually, providing institutional care and home and community-based services (HCBS) to aging and disabled beneficiaries. Mississippi spends an outsized amount on institutional care versus HCBS, given the higher cost of institutional care (on average, institutional care costs ~$53K per capita while HCBS costs ~$21K per capita).

Mississippi treats fewer long-term care patients in home / community settings than its peers. Peer states treat an average of 66% of long-term care patients in home- and community-based settings, compared to 56% in Mississippi.

The state should pursue efforts to provide more home- and community-based care for key reasons:

- **Beneficiary Preferences and Quality of Life.** Most individuals prefer to receive care in their homes or communities. Providing services that enable people to age or receive care in a setting of their choice promotes individual autonomy, dignity, and independence. Moreover, patient surveys indicate that 70%-75% of adults prefer to receive care in their homes and communities, rather than enter institutions.
- **Cost-Effectiveness.** Home- and community-based services are more cost-effective than institutional care, reducing long-term care expenses.
- **Quality / Outcomes:** Data suggests HCBS outcomes are on par with institutional care, and high-quality HCBS care produces better outcomes than high-quality institutional care.

Exhibit 16: Mississippi long-term care services vs. peers[9]

Mississippi spends an outsized amount on institutional care vs. HCBS

% Enrollees and Spend in Institutional and HCBS Care

MS LTC Enrollees	44.0% (19,120)	56.0% (25,670)
MS LTC Spending	68.0% (~$1.1B)	32.0% (~$518M)

■ Institutional ($53k/capita)
■ HCBS ($21k/capita)

Mississippi lags peers in percentage of beneficiaries treated in HCBS care settings

% of Medicaid LTSS Beneficiaries Using HCBS

KS	WV	SC	AL	MS	LA	AR
82%	78%	76%	67%	56%	53%	47%

66% South Avg.

- Mississippi stands to capture an estimated savings of $32M-$39M over 5-10 years with ongoing efforts to rebalance long-term care and provide a greater proportion of services through HCBS, versus institutional care. Investment in infrastructure and resources to support HCBS capacity increase will be necessary to support this shift over time.

Key investments needed to facilitate this shift may include:

1. **Attract and retain a stable workforce** for HCBS via increased home health aide compensation, building pipeline of personnel, and licensing institutional workers as home health aides.
2. **Scale down institutional capacity** by "buying back" institutional beds with one-time payment and repurposing institutions as HCBS providers.
3. **Develop the appropriate infrastructure** to support aging-in-place by investing in housing and accessible transportation for beneficiaries.
4. **Establish person-centered planning and coordination** to ensure that patients are placed in settings best suited for their condition**.**

Increased capacity for home and community-based care will result in fewer patients placed in institutional settings over time, leading to long-term cost savings.

2. Move to a single Pharmacy Benefit Management (PBM) model

Historically, many states have incorporated pharmacy benefit management into Medicaid managed care contracts, allowing PBMs within each contract to manage claims processing, price negotiation, drug formulary management, and more. However, states do not have visibility into drug pricing

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[9] Source: Distribution of FFS Medicaid Spending on Long Term Care, Medicaid Enrollees Using Institutional LTSS, Medicaid Enrollees Using HCBS, CMS HCBS Quality Metrics, How Medicaid Home and Community-Based Services and Supports Can Chart Pathways to Independence, LTSS for Older Adults: A Review of HCBS vs. Institutional Care, AARP 2018 Home and Community Preferences National Survey

negotiation between PBMs and suppliers. Therefore, it is difficult for states to assess the value, or lack thereof, in working with PBMs. The Office of the state Auditor previously investigated a PBM, which resulted in the PBM repaying $55 million back to the state, so converting to a single PBM may make those assessments and monitoring easier.

Moving to a single PBM model could save the state ~$9M in total pharmacy spend by reducing administrative costs and increasing oversight on drug pricing.

The primary benefits of moving to a single PBM model include:

- **Reduced complexity in administration** by consolidating under a single entity.
- **Improved price negotiation** with manufacturers and pharmacies, leading to cost savings.
- **Enhanced coordination of care** between medical and pharmacy services.
- **More consistent policies and formularies** across the Medicaid program, ensuring equitable access to medications and reducing confusion among beneficiaries and providers.
- **Uniform prior authorization processes**, making it easier for providers to navigate and ensuring consistent criteria for medication approvals.

States that moved to a single PBM model (e.g., West Virgina, Kentucky, California, Ohio) have seen an average administrative savings of 3.5% and average pharmacy claims savings of 16.5%.

During this analysis, DOM began considering this model and estimated potential administrative savings of $3.2M. Based on peer benchmarks, we estimate an additional ~$6M in savings can come from increased pricing oversight (e.g., drug costs, claims management, rebate management). DOM has now acted upon this recommendation.[10]

Exhibit 17 shows this estimate in more detail.

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[10] Excluding ND in savings rate for pharmacy claims given they did not take previous steps to control PBM spending. Source: KFF, FY22/23 Medicaid Budget Survey, KFF FY20 Medicaid Budget Survey, Medicaid Gross Spending and Rebates for Drugs by Delivery System MACPAC, Kentucky PBM Report on Medicaid Pharmacy Pricing, Ohio SPBM information; Analysis of the Medi-Cal Budget 2020-21, State Pharmacy Benefit Manager Legislation, AB 913 Pharmacy Benefit Managers, Ohio Requires Pass Through Payment Model, Medical Services Budget – House Bill 1012 Tradition and Expansion North Dakota, Pharmacy Savings Report, West Virginia Medicaid, Prohibitions of Spread Pricing in Medicaid Contracts

Exhibit 17: Moving to a single PBM model
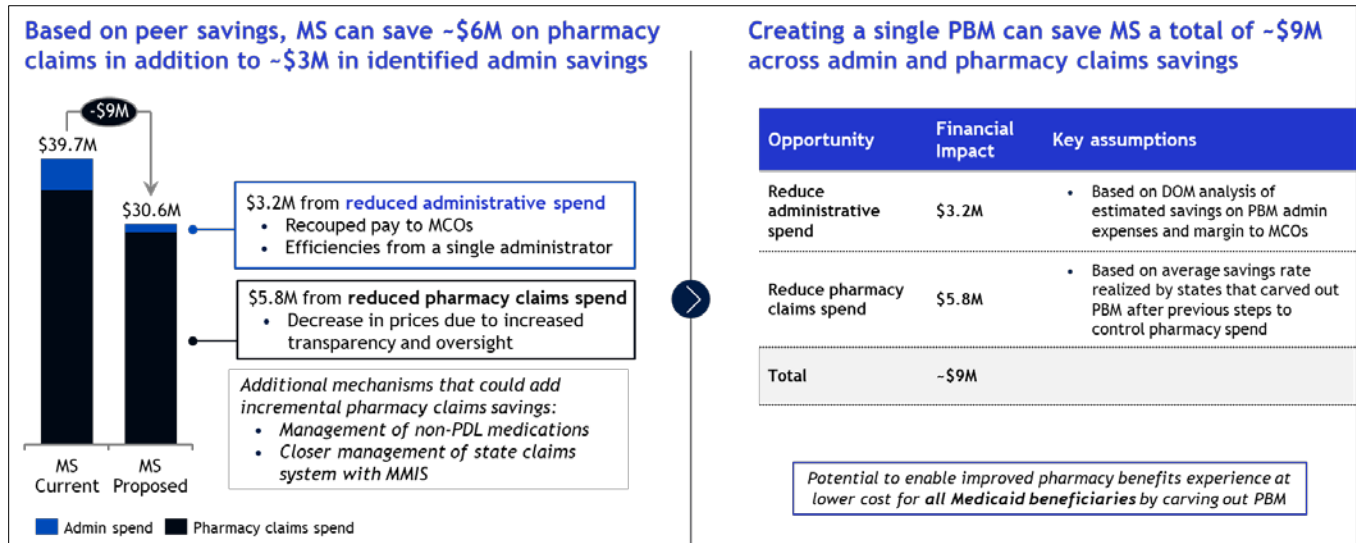
3. Automate eligibility and enrollment workflows

DOM's eligibility verification process is mostly manual and paper-based, resulting in significant staff burden and longer processing times for beneficiaries, among other challenges. Currently, staff must visit multiple interfaces to conduct verification checks and print out case files, with an additional two to three manual reviews of eligibility determination. This results in an inefficient, time-intensive process for both staff and beneficiaries.

Moving to a paperless case management system would streamline intake process and enable further technological enhancements in eligibility verification. **Automating eligibility and enrollment processes could save the state $3M-$6M by eliminating manual data input and multiple manual reviews in eligibility workflows.** Other benefits include more efficient and secure storage of eligibility documentation, increased speed to determination, and lower staff turnover due to improved experience / reduced overtime.

Key steps are required to support move to digital eligibility verification process:

1. Move to a paperless case management and document verification system, both of which are currently manual.

2. Increase integration with eligibility documentation interfaces to automatically pull relevant eligibility data into case files.

3. Update rules-based checks to reach an accurate eligibility determination without needing a manual process, freeing up time for staff to focus on complex beneficiary situations.

4. Enhance Fraud, Waste, and Abuse (FWA) detection and recovery

A national Payment Error Rate Measurement (PERM) report projected overpayments identification for Mississippi at 0.8%, ranking 8th among the 12 states analyzed in the report. However, Mississippi reported overpayment projected at 0.15 – 5 times less than the national PERM reported. Mississippi can enhance detection and save **~1M annually by enhancing fraud detection and increasing rate of improper payment recovery**. To support increased recouperation, target three areas:

> **AI-enabled detection software could yield a savings of ~$1M**
>
> Higher amounts of fraud, waste, and abuse overpayments could be recouped. Current program integrity workforce would grow proportionally to increase in detected fraud (5x), but total personnel need can be decreased by ~50%.

- **Modeling and Advanced Analytics:** Implement AI-enabled FWA detection software (outlier analysis, supervised and unsupervised learning) to enable faster and more accurate decision making.
- **Technologies:** Integrate data / systems for monitoring and implement visualization of end-to-end pipeline.
- **Processes, resources, and governance:** Establish a robust decision-making process, implement clear decision governance, and support change management and internal trainings.

5.5 Mississippi Department of Public Safety

DPS enforces Mississippi state laws, with a particular focus on patrolling highways to enforce traffic laws, conducting investigations and regulating vehicles, and issuing drivers licenses. In 2021, per new legislation, DPS absorbed the Mississippi Department of Transportation's (DOT) commercial trucking enforcement division.

Project Momentum identified opportunities to improve internal operational efficiency through four initiatives totaling $7M - $10M:

Initiatives	Estimated size of opportunity
Eliminate duplicative inspection teams	$6M - $7M
Increase digital services (internally)	$1M
Increase digital services (externally)	$2M

5.5.1 Background and Context

DPS operates with an annual state budget of $174.4M. To fulfill its goals, it distributes funds across three main services:

- **($149.3M) Law Enforcement:** Oversee state's Highway Patrol, Bureaus of Investigation & Narcotics, Homeland Security, and forensic laboratories.
- **($19.8M) Driver Service Bureau:** Administer the division responsible for issuing drivers licenses, identification documents, and firearm permits.
- **($5.3M) Law Enforcement Training:** Provide professional law enforcement training to state, county, and municipal police agencies.

DPS has opportunity to reduce spending in two key areas: administrative personnel and the Driver Service Bureau. DPS spends ~$7.6M on administrative personnel, who have limited access to digital

tools for internal processes. This reduces their productivity. The Department's expenditures for its Driver Service Bureau reached nearly $20M in FY23, a significant cost that can be reduced by increasing residents' use of online services.

5.5.2   Recommendations

1.   Reduce DPS commercial vehicle inspection activities

DPS has experienced organizational and operational challenges since absorbing Capitol Police and DOT's commercial vehicle inspection team. DPS previously operated its own commercial vehicle inspection team, and in this move, absorbed 200+ full-time employees from DOT's team. Though the aim was to drive "economies of scale" with the absorption from DOT, the new commercial vehicle team remains a stand-alone division.

Compared to peer states, Mississippi has an oversized commercial vehicle inspection team (**Exhibit 18**). **DPS should reduce the size of its commercial inspection team to match those of other states – which could drive $6M - $7M in savings.**

Exhibit 18: Vehicle inspection team ratios
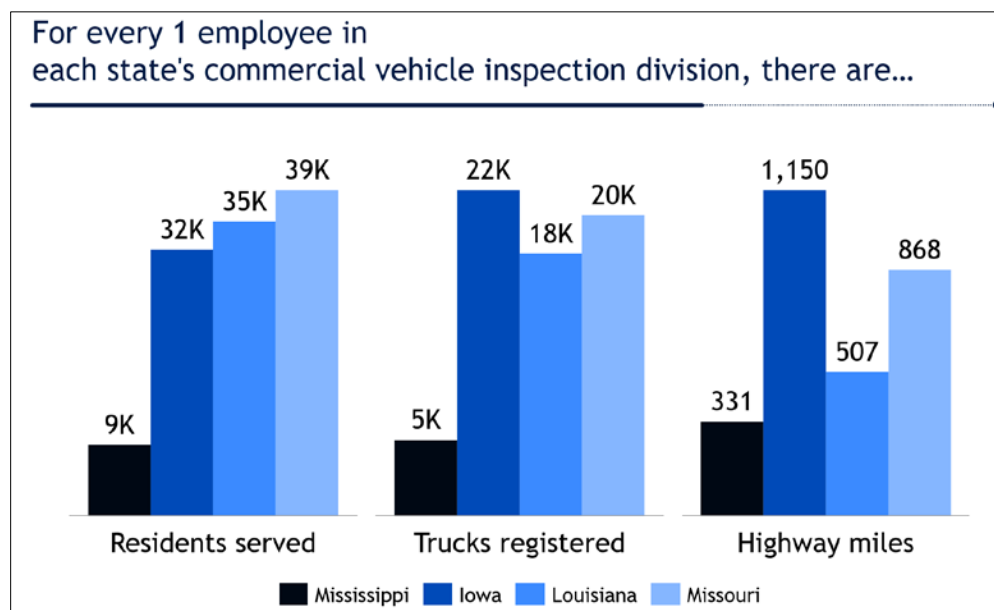
2.   Increase use of internal digital tools

Most internal processes in DPS are executed manually, without relying on digital tools – mainly because of employee reluctance to adopt these tools. Given the recent expansion of the agency's responsibilities and absorption of Capitol Police and DOT teams, the over-reliance on paper-based and manual processes has limited integration and the agency's ability to operate efficiently.

DPS should widely adopt and utilize digital tools to execute internal administrative processes. **In comparable scenarios, this leads to an estimated 15% gain in productivity, suggesting that DPS could capture ~$1M in savings by increasing the use of digital tools.** To ensure

successful implementation of digital solutions, staff will need proper training and effective encouragement to adopt these tools in their daily workflows.

3. Increase usage of online driver services tools

DPS faces ongoing challenges with high staff turnover, particularly for personnel in the Driver Service Bureau. Additionally, while DPS has an online portal that provides basic driver services, attempts to modernize user-facing services (e.g., self-service kiosks) have been unsuccessful. Enhancing online access to driver services can improve the staff experience and ease of access for Mississippi residents.

> **Slow move toward service modernization**
>
> Currently, DPS processes ~800K transactions annually through three main channels:
>
> - Online (50% of transactions)
> - In-person (40%)
> - Mail (10%)

While comparable agencies in other states have started using online tools, DPS spends far more on in-person services (~$9M) than online-based services (<$900K). **If Mississippi increased usage of its online platform by 10%, the state could capture ~$2M in savings while maintaining a high level of customer service.** Savings captured through increased online usage could enable the Department to invest further in additional digital service offerings.

Executing this transition will require increasing awareness that digital services are available (e.g., increasing advertising, providing information on digital services to in-person customers). In addition, taking a customer-focused approach to identifying and addressing user pain points with the online service will help increase utilization over time.

5.6 Mississippi Department of Corrections

DOC aims to enhance public safety by providing safe and secure facilities, effective supervision, and rehabilitative services for those entering the corrections system.

Project Momentum identified opportunities to invest in prevention programs worth $3M - $5M:

Initiatives	Estimated size of opportunity
Improve and expand inmate programming aimed at reducing recidivism	$3M - $5M

5.6.1 Background and Context

DOC contends with overcrowded facilities and a high recidivism (repeat offending) rate. As of Fall 2023, capacity rates at DOC's state and regional facilities have routinely stood above 90%. Capacity rates at private prisons that partner with DOC generally exceed 95%. As of November 2023, there were 21,311 inmates in DOC custody.

1. Improve and expand inmate programming aimed at reducing recidivism

The recidivism rate in Mississippi (35%), though about average in the nation, significantly exceeds that of several peer states. North Carolina (19% lower), South Carolina (18% lower), and Georgia

(10% lower) have implemented critical programming proven to reduce recidivism rates. If Mississippi expands existing programs and adopts evidence-based programs, as implemented in other states, **it could reduce the number of reoffenders by 60-140 individuals, saving taxpayers $3M-$5M annually in operational costs.**

Exhibit 19: Mississippi re-incarceration rate compared to other states
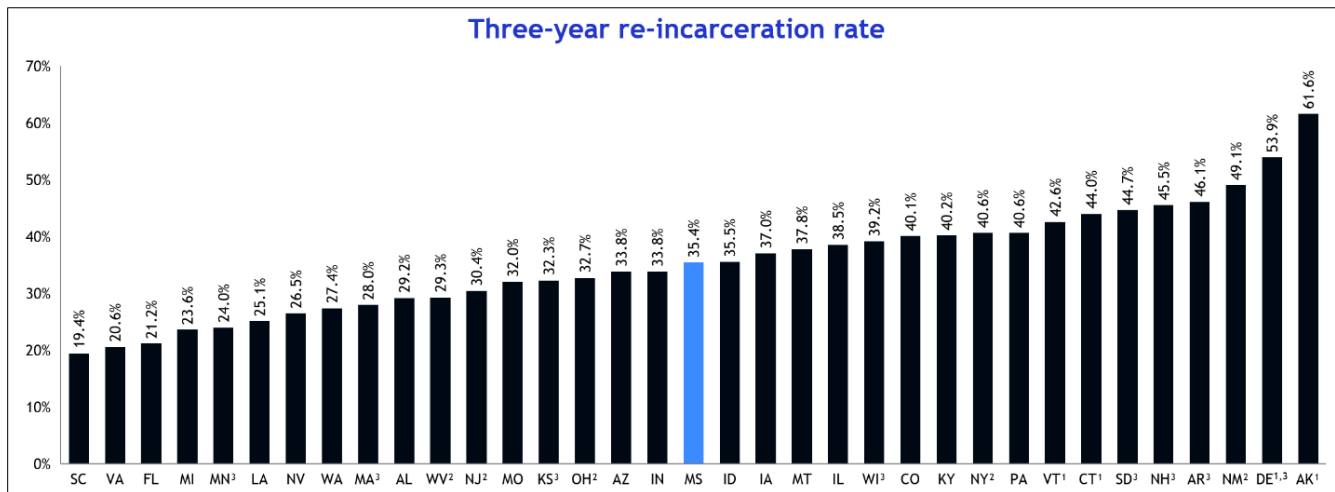
A recent legislative report showed that technical violations by offenders under community supervision (i.e., probation and parole) contribute to a meaningful increase in the prison population. Critically, over 90% of those whose parole was revoked went to prison for technical violations, not for committing a new crime.

Mississippi should consider implementing evidence-based initiatives, such as individualized case planning and mental health programming, which have reduced recidivism in peer states.

Taxpayers foot the bill for every inmate sent to prison, underscoring the importance of investing in data-driven prevention efforts to reduce the number of re-offenders. This is both financially prudent and drives broader societal benefits by reducing overall crime.

Case studies:
Effective recidivism programming in other states

North Carolina (19.3% reduction)
- Individualized case management
- Improved probation and parole officer training
- Introduction of local reentry councils

South Carolina (17.9% reduction)
- Enhanced mental health programming
- Individual risk assessment
- Improved parole and probation officer training

Georgia (10% reduction)
- Increased use of transitional centers
- Authorization of parole officer sanctions

5.7   Mississippi Department of Revenue (DOR)

DOR operates a budget of ~$158M and is responsible for administering and enforcing tax laws and regulations within the state.

Project Momentum identified two opportunities to streamline DOR processes and capture a total savings of $2.7M:

Initiatives	Estimated size of opportunity
Further digitize filings	$2.7M

5.7.1 Background and Context

DOR allocates state funds across three primary areas:

- **Tax Collection ($138M):** Administer and enforce Mississippi's tax laws and regulations. Issue refunds for homestead exemptions.
- **Alcoholic Beverages Control ($11M):** Regulate the import, storage, and sales of alcoholic beverages across the state. Regulate cannabis dispensaries.
- **Property and Motor Vehicle Services ($9M):** Administer property and motor vehicle registration services (e.g., titles, license plates).

While DOR has experienced recent successes in expanding digital services for collecting and administering the state's tax revenues, a significant portion (40%) of small businesses still file paper tax returns, generating excess cost associated with mailing and processing documents. The Department can achieve significant savings by streamlining administrative processes in revenue collection and alcohol warehouse management.

5.7.2 Recommendations

1. Process Paper Documents for Small Businesses Tax Filings

Mississippi has a high rate of electronic tax filings (in line with the national average of 90%), but 40% of small businesses (75K+) still file via mail / paper. DOR's requirement for businesses to file W-2s and other documents electronically does not apply to small businesses. Further, DOR processes

The implications of processing paper documents include:

- DOR, an already lean organization, invests in talent and equipment to manually process and digitize paper documents.
- DOR could save an estimated $800K annually by requiring the minority of entities that still file via paper to file tax documentation electronically. DOR could save an additional $700K by further digitizing monthly tax notices and sending them electronically.
- DOR could save an estimated $1.2M annually by further digitizing both the vehicle registration and lien process(es).

5.8   Mississippi Development Authority (MDA)

MDA provides business development assistance via business incentives and site selection support. Additionally, MDA is also home to the state tourism office, Office of Energy, Community Incentives, Disaster Recovery, and the state film office. MDA also aids small- to mid-sized businesses to become competitive in national and global economies.

Project Momentum identified opportunities to improve the impact of MDA's investments through two initiatives worth $4M - $9M:

Initiatives	Estimated size of opportunity
Eliminate programs with low ROI	$3M - $8M
Close underutilized Welcome Centers	$0.6M

5.8.1   Background and Context

To fulfill its goals, MDA operates with an annual state budget of $25.4M and distributes the funds across five main categories:

- **($10.4M)** Support Services: provide HR and other administrative services to DHS divisions.
- **($6.0M)** Tourism: promote Mississippi to tourists to generate economic growth.
- **($2.2M)** Community Services: enhance community development via public infrastructure funding.
- **(2.1M)** Global Business: attract international business to the state and promote exporting goods.
- **(2.1M)** Welcome Centers: create space for tourists to learn more about Mississippi.

In the past few years, MDA has seen a significant increase in the number of economic development incentives offered. These range from loans and grants to tax credits. However, there is no clear process for measuring efficacy or ROI for these incentives. MDA must implement a data collection and incentive evaluation process to that ensure taxpayer funds are being utilized effectively.

5.8.2   Recommendations

1. Modernize the Mississippi Motion Picture Incentive Program

The Mississippi Motion Picture Incentive Program provides cash rebates to incentivize film production in the state. While there is limited available data to evaluate the efficacy of this incentive, the University Research Center found that the program operated at a net loss of over $1M in FY2019. Moreover, the same study found that most of the jobs created by these film projects have been short-term.

Eliminating this program would result in estimated annual savings of $3.6M (based on

> **Motion Picture Incentive Programs Are Not Paying Off**
>
> In 2015, a Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) study done on 10 states revealed that for every dollar invested, ROI ranged 0.07-0.49. **For every dollar Mississippi invested in film incentives, the State gained only 0.49 cents, indicating a clear loss of 0.51 cents per every dollar invested.** Since then, 3 out of 10 states in the study have ended their programs.

average investment since 2017), freeing funds to invest in other programs that provide tangible value to Mississippi residents. Expenditures for this program are expected to reach $6.9M in 2023, demonstrating increased savings potential by eliminating this program.[11]

Alternatively, if the program is not eliminated, the state can consider increasing the minimum qualifying spend for eligibility or other, similar limitations on eligibility. Mississippi has the second-lowest minimum spend requirement ($50K) compared to peer states. By increasing the minimum to match Alabama or Georgia at $500K, the number of projects eligible between 2017-2022 would have decreased by 46%, yet local spend would have decreased by only 8%. The state could also reimagine the program to incentivize companies to establish permanent production studios instead of intermittent local production. These alternatives would, at a minimum, reduce the administrative burden on MDA staff.

Exhibit 20: Losses from Mississippi's investment in motion picture incentives

Source: Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER); FY22 Mississippi Incentives Report; Annual tax expenditures Report, University Research Center, 2020

2. Implement formal process for ongoing evaluation of incentives

Currently, there is no formal process for tracking efficacy or ROI for MDA incentives. As a result, the return on specific incentives to state tax revenue or other intended policy outcomes is unclear.

The Mississippi Tourism Rebate Program is an example of an incentive with unclear outcomes. Since 2013, MDA has paid $32M for the Tourism Rebate Program to develop tourism-oriented projects across four main industries: hotel / conference, Retail, Sports / Entertainment, and Restaurant. Given the 15-year maximum of each onboarded project, MDA remains liable for $454M in incentives over 15 years.

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[11] Source: Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER); FY22 Mississippi Incentives Report

Moreover, Mississippi program terms are more generous than peer states. For example, **tourism rebate programs in peer states allow eligible projects to receive up to 25% of development costs over a 10-year term.** In the 2020 Tax Expenditures report, the University Research Center concluded that "many, if not most, of the projects that have qualified for this incentive have not drawn much spending by out-of-state customers," rendering unclear whether the tourism rebate program achieved its intended goal.

The Mississippi Tourism Rebate Program is just one example of incentives with unclear outcomes. To help inform decision-making around which incentives to sustain, MDA can improve its evaluation process:

- **Clearly articulate incentive outcomes and intended plan / metrics to evaluate ROI.** Invest in data collection to ensure data-driven decision-making on key incentive programs.
- **Examine incentive structure to provide incentives over time**, based on performance / achievement of intended outcomes. The majority offer up-front incentives with clawback provisions that are often difficult to enforce.
- **Consolidate incentives where there are similar or overlapping intended outcomes**. A 2020 Tax Expenditure report highlighted the Existing Industry Withholding Rebate Program, Mississippi Major Economic Impact Authority Withholding Rebate Program, and Jobs Advantage Incentive, as an opportunity to consolidate into one incentive, given their similarities.

3. Consider closing Welcome Centers

MDA operates 13 welcome centers statewide, where visitors can learn more about Mississippi's history, topography, and recreational activities. On average, each center costs $150K per year to operate. Staffing challenges make it difficult for many centers to maintain daily operations.

Between 2019 and 2023, four welcome centers (Delma, Adams, Warren, and Woodville) saw an average year-over-year decline in visitation rates ranging from -9% to -36%, while other centers have largely seen visitation rates increase since the pandemic. These four centers also cumulatively represent less than 10% of total annual visitors to Mississippi's Welcome Centers. **Closing these four Welcome Centers would result in an estimated savings of $600K to the state.**

5.9 Mississippi Department of Education (MDE)

The MDE's mission is to ensure that all Mississippi students have an effective education and are prepared for their futures. While MDE's primary role is to fund and license schools, it has increased its scope and now provides coaching services to schools. Through directed investment in teachers' salaries and instructional services, MDE has helped improve educational outcomes across the state.

Project Momentum identified opportunities to ensure dollars reach students through five initiatives worth $92M - $135M:

Initiatives	Estimated size of opportunity
Support schools in getting better value in procurement	$44M - $82M
Centralize school property insurance	$23M
Consolidate school district back-office functions	$14M
Invest in energy efficiency upgrades to reduce utilities spend	$9M - $14M
Consolidate CTE programs with low attendance to focus on priority programs	$2M

5.9.1 Background and Context

The state plays three primary roles in Education under the purview of MDE and the state Board of Education:

- **($2,812M) School District Funding & Support:** Provides money to school districts to fund a portion of their operations. Most funds subject to this review were appropriated using the now-replaced Mississippi Adequate Education Program (MAEP) formula, which used multiple factors, primarily school attendance, to determine allocated funds. Districts had the flexibility to use these funds as they saw fit.
- **($89M) Career & Technical Education:** Provides funding to schools (and some post-secondary institutions such as community colleges) for vocational programs (with 60+ programs offered across 14 areas). MDE is responsible for approving individual programs at school districts but provides ~$27M in funding to the Mississippi Community College Board to support vocational programs at community colleges.
- **($105M) MDE Programs & Administration:** Gives financial support to targeted programs to improve learning outcomes (e.g., teacher coaches), and has personnel to conduct oversight and regulatory functions for schools (e.g., teacher licensure).

Exhibit 21: Mississippi math and reading achievement[12]

Average NAEP Achievement Scores for 4th & 8th grade math & reading

Math National Avg.
Math Mississippi (39th)
Reading National Avg.
Reading Mississippi (33rd)
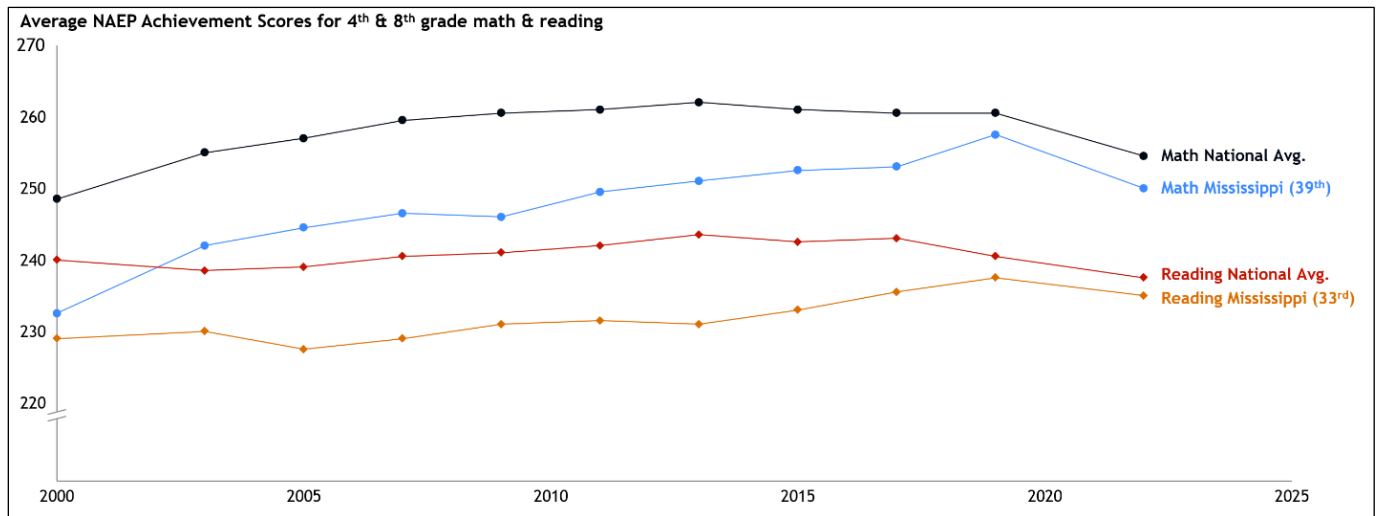
Legislative reforms that increased teacher salaries and spending on instructional services (e.g., teacher coaches) helped support this transformation. However, Mississippi schools spend less on instruction (~58%) than the national average. If Mississippi schools reached the national average, it would mean more than $200M additional dollars to support student instruction, underscoring the importance of driving greater efficiency in school operations.

Exhibit 22: Mississippi instruction spending[13]

US Avg: 62%

58%

MS
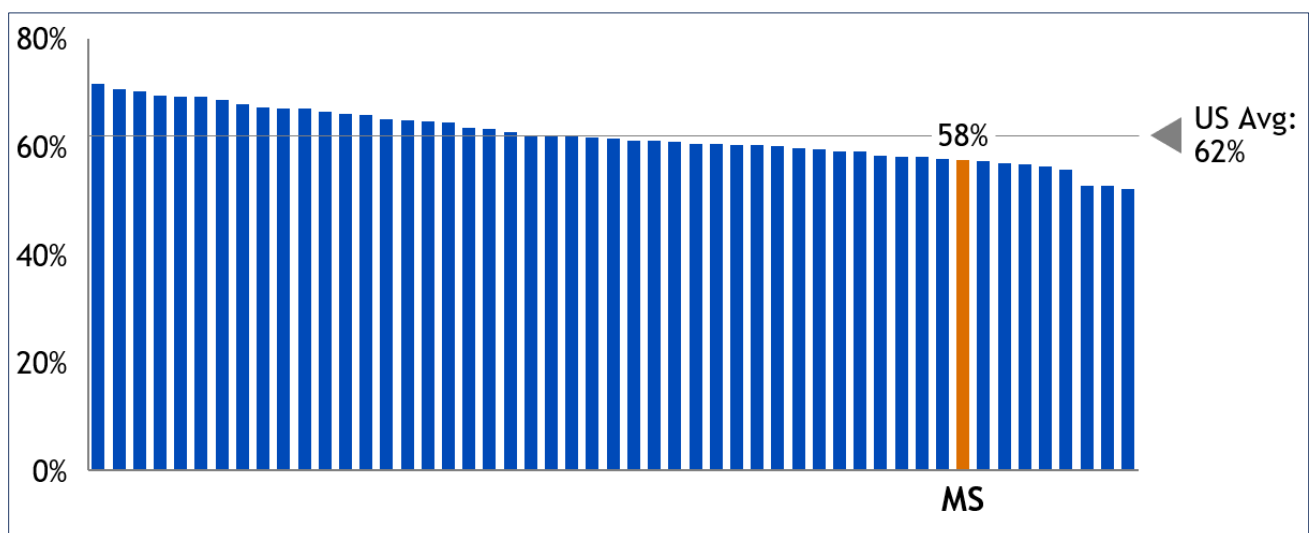
Mississippi's method of funding schools presents challenges like the fact that districts can spend a large share of funds on non-instructional purposes by using the state portion for teacher pay and no scrutiny or caps exist on growth in administrative or support costs.

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[12] National Assessment for Educational Progress, Census Bureau

[13] U.S. Census School Data: Elementary and secondary spend (%) on instruction.

5.9.2   Recommendations

1.   Implement procurement reforms

Mississippi schools spend a large portion of state funds – more than $600M – on acquiring essential goods and services. Schools across the state procure goods and services in accordance with their school board policies. This results in a variety of badly coordinated procurement methods between schools or with MDE.

Because of this decentralized structure, it is difficult for districts to collectively purchase goods and services, resulting in limited ability to obtain bulk discounts. Moreover, districts often leverage state contracts as a starting point for procurement. However, as shown in Section 4.2, those contracts do not always have best-value pricing.

Exhibit 23: State share of 2022-2023 school year procurement spend
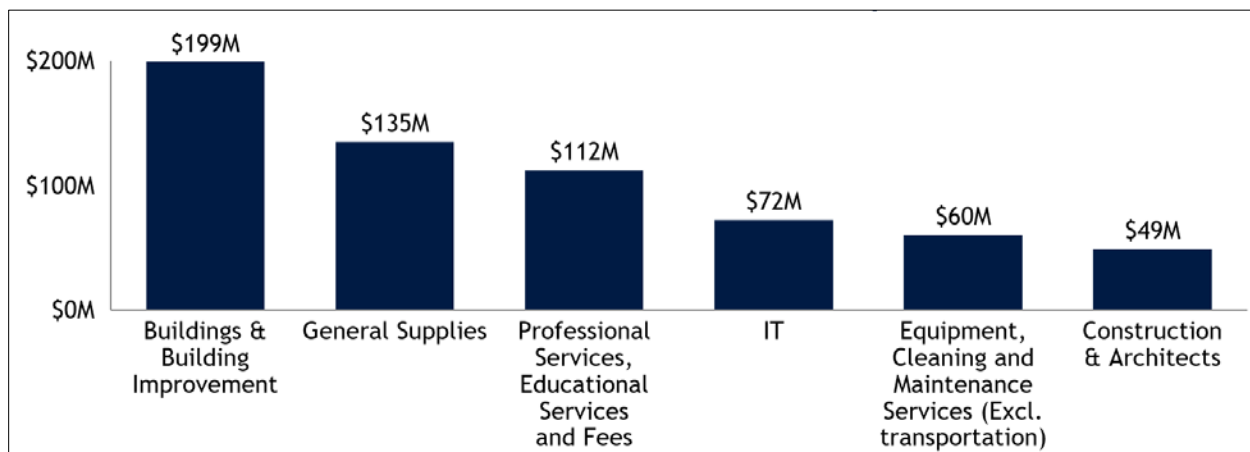
Systematically instituting procurement reforms could yield annual savings to school districts ranging from $44M – $82M (based on savings generated after improving purchasing processes for other public-sector agencies).

There are several mechanisms by which school districts across the state can work together more effectively to obtain better pricing and terms for their purchases:

- **Collect data on the usage of state contracts** by district to support the state's negotiations with vendors (i.e., to request bulk discounts) and allow MDE to reach out to districts to encourage the use of state contracts.
- **Provide additional support (e.g., staff, funding) to Regional Education Service Agencies (RESAs)** such as the North Mississippi Education Consortium (NMEC), enabling them to hire additional staff to procure goods and services for their school districts. This would allow RESAs to obtain bulk discounts and more favorable terms than they would working individually.
- **Encourage or require usage of cooperative Mississippi contracts** from other entities (e.g., Texas, GSA Advantage) that provide better value
- **Encourage or require the adoption of standardized procurement policies and processes policies** (e.g., requiring the use of "best available bid") to ensure that school districts are using procurement and acquisition best practices.

2. Support clerical staff sharing

Districts have faced ongoing difficulties in recruiting and retaining critical clerical and support staff. As a result, many staff members are asked to manage multiple support functions, such as HR, finance, and facilities management. These challenges contribute to large variations in spend per student on support services.

Exhibit 24: School district state spend on "shareable" clerical and administrative staff for 2022-2023
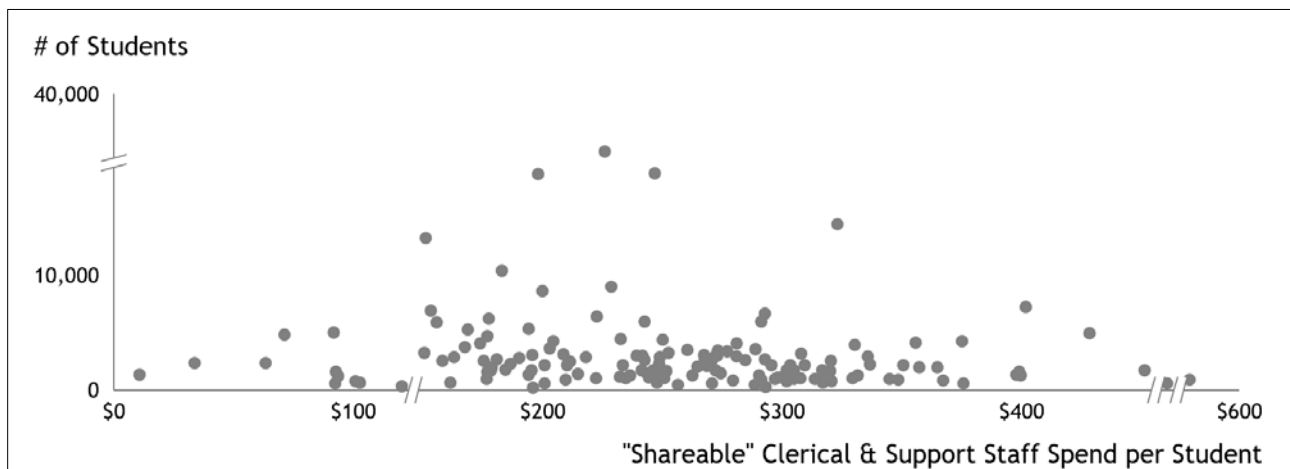
Enhanced sharing of support services and resources (e.g., HR, job recruiting, software) across school districts can improve efficiency and quality of outcomes. This model enables staff to specialize in one function and reduce repetitive tasks across districts. This would be particularly beneficial in smaller or rural districts that lack the scale to run efficient operations. **Moving to a shared services model could save the state $14M annually.**

Comparable states (including those with sizeable rural populations) have created regional consortia for resource and services sharing:

Exhibit 25: State regional resource and services consortia

	Mississippi	Texas	Wisconsin	Ohio
Provide teacher / staff training	✓	✓	✓	✓
Host networking events	✓	✓	✓	✓
Enable joint procurement		✓	✓	✓
Admin Services: Budgeting, Accounting, Payments	*Have Statutory authority - but do not offer services*	✓	✓	✓
Admin Services: HR		✓	✓	
Recruit & manage substitute teachers		✓		✓
Provide IT services		✓	✓	✓
Provide support on Energy usage (e.g., consultants)		✓		
Provide printing & marketing		✓	✓	✓

Note: Uptake for services varies by school district (e.g., larger share of smaller rural districts may utilize shared services).

Key mechanisms the state can take to effect this change include:

- **Provide additional financial or staff resources to RESAs** (similar to practices in Texas, Ohio, and Wisconsin) to support additional shared services.
- **Provide guidelines to districts** for sharing staff and outline joint funding agreements.

3. Implement energy efficiency initiatives

Utility prices have risen significantly in recent years, resulting in increased school spend on energy and utilities ($107M total). Mississippi schools spend an estimated 60% more on electricity and natural gas per student than the rest of the U.S., despite lower overall energy prices. In addition, there is significant variation in energy spend between schools, suggesting that aging buildings are most in need of enhancement.

Exhibit 26: Energy and utility spend
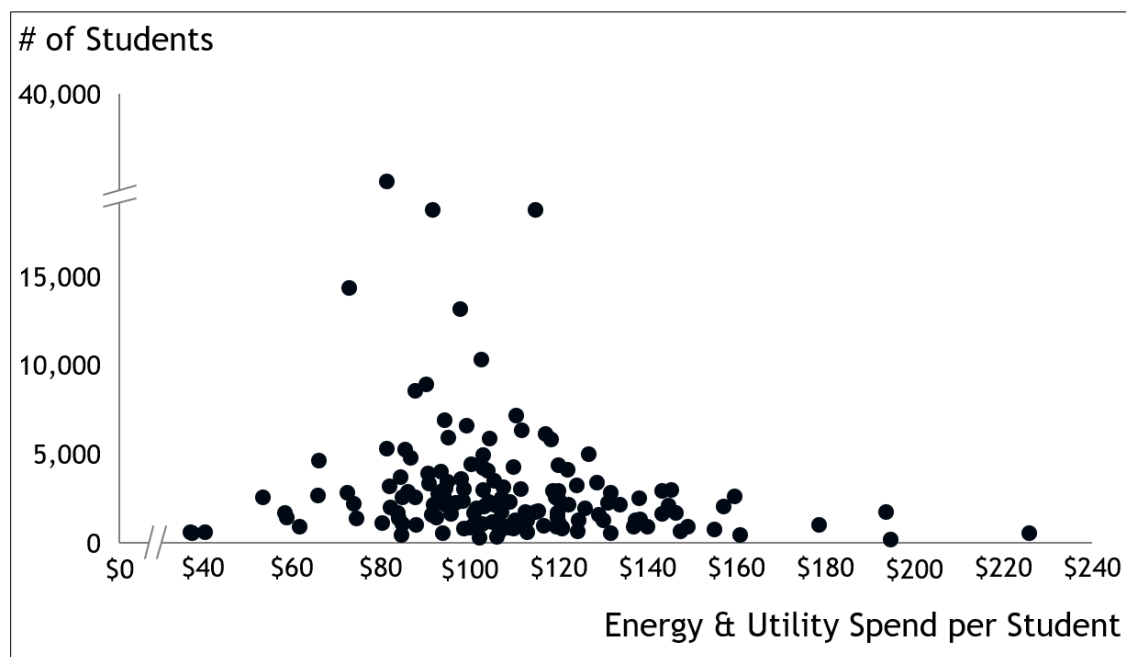
Investing in projects such as improving insulation, installing efficient HVAC systems, and switching to energy-efficient light bulbs can reduce long-term utilities spend. According to Federal estimates, implementing these types of changes can save 20% to 30% in energy costs. **This translates to savings of $9M - $14M for the state.** Notably, the Federal Government has continued to expand funding to state and local jurisdictions for investment in energy-efficient infrastructure.

The state can invest in energy-efficient infrastructure in several ways:

- **Establish programs to support schools in implementing energy-efficient measures** (e.g., providing expert staff support) and applying for relevant Federal grants (including those part of the Bipartisan Infrastructure Law).

- **Create partnerships with private utility companies** to jointly cover expenses, allowing them to share in cost savings.
- **Extend low or zero-interest loans** to districts for funding efficiency upgrades.
- **Offering financial support or direct funding** for energy-saving infrastructure projects by utilizing Mississippi capital funds. This could be similar to the state of Ohio model, which funded energy-efficiency programs with a "payback" period of fewer than 15 years.

4. Centralize school property insurance

Mississippi schools spend $39M in state funds on property and liability insurance – excluding Workers' Compensation and health insurance. Property and liability insurance rates have increased in recent years, becoming a concern for school districts. Moreover, property and liability insurance expenditures vary wildly across districts (even when accounting for proximity to the coast).

Extending Mississippi's property insurance (with a hybrid model, as outlined in the DFA section) could save up to $23M per year and reduce the administrative burden on school districts to purchase and manage property insurance.

Exhibit 27: State spending for insurance
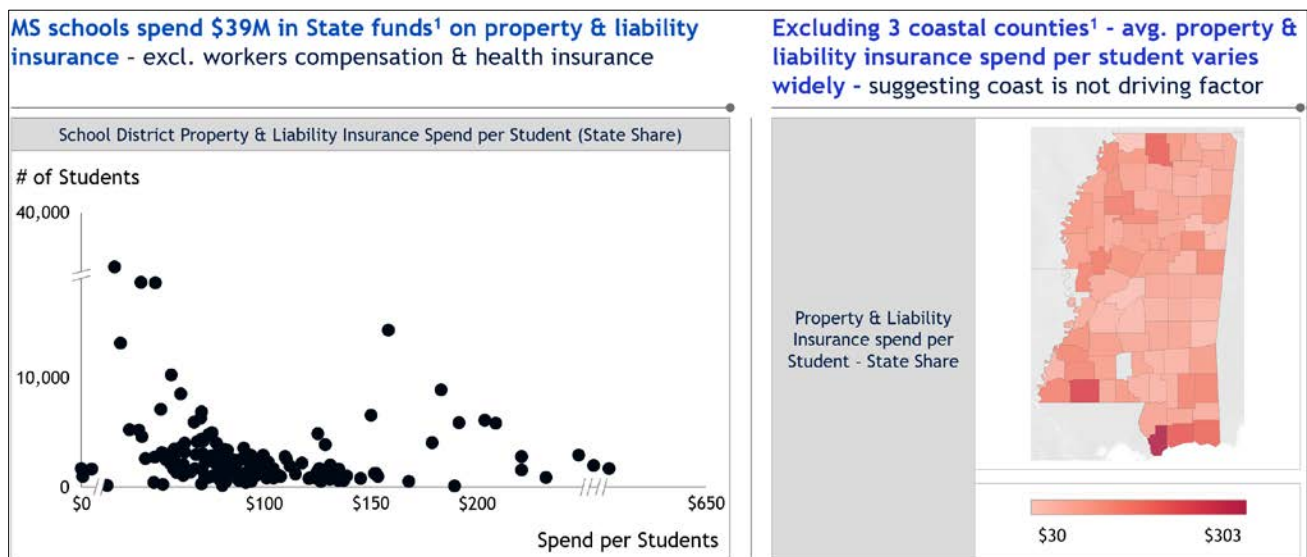
5. Re-evaluate and streamline Career and Technical Education Programs

Mississippi provides approximately $50M in funding for staff to teach more than 60 Career and Technical Education (CTE) programs across 14 sectors. Of these, five sectors have been identified by AccelerateMS as vital to the state's economy (e.g., advanced manufacturing). These priority sectors receive about 60% of instructional funding.

Beyond these priority areas, many schools offer a wide variety of programs, despite low student interest. Half the spending is directed to programs that serve only 15% of students. Moreover, only 4% of students are in classes that consume 20% of the state's instructional CTE assistance.

The state could save $2M by merging non-priority and lower-interest programs without affecting overall enrollment or availability of priority programs. The Department could consider re-deploying savings to provide one-time funds for schools to start offering "priority programs" (e.g., equipment needed for advanced manufacturing).

Exhibit 28: Breakdown of teacher unit spend versus number of students (by individual school program)
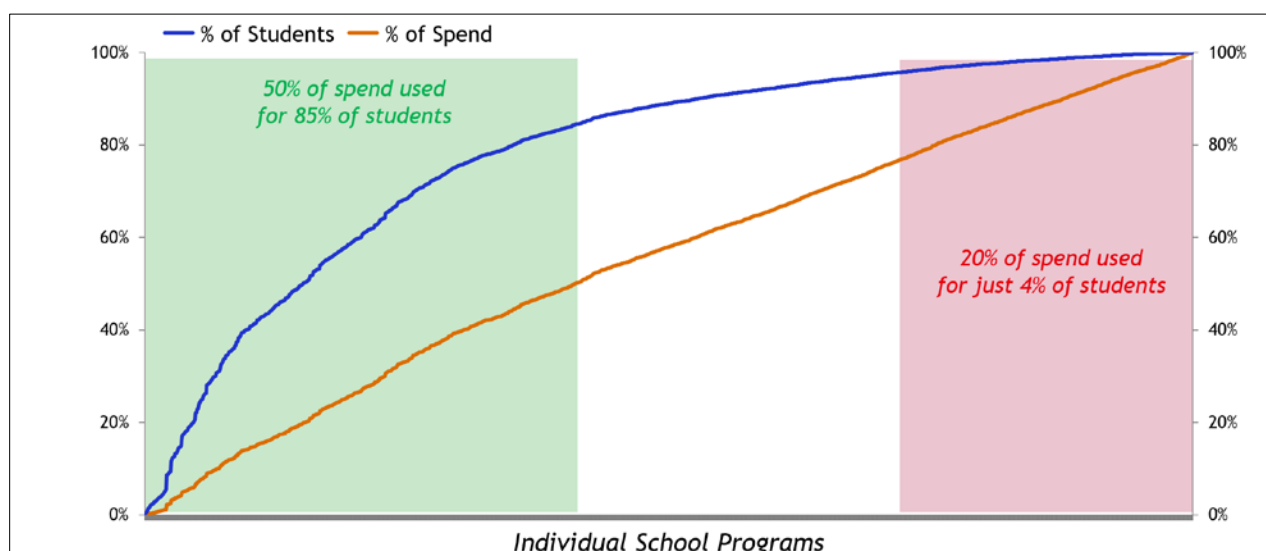
Key actions MDE can take to drive this transition for CTE include:

- Consolidate multiple courses within the same program and offered in the same district.
- Review funding approval for programs with low uptake (e.g., fewer than 50 students in a year), particularly where similar programs already exist in schools.
- Accelerate the funding shift from low-uptake classes to priority sectors, leveraging targeted equipment grants.
- Increase cross-district class sharing (potentially requiring transportation support).

6. Reduce administrative workload

One key opportunity to simplify MDE's internal administrative workload while enhancing outcomes is to transfer School Attendance Officers (SAOs) back to districts.

The state employs SAOs who proactively visit students with poor attendance to reduce truancy. Mississippi has limited ability to supervise these efforts, as they are mostly in the field, and their efficacy remains unclear. Moreover, school staff have difficulty coordinating with state-hired SAOs, as they are not accountable to district leadership.

Instead of employing SAOs directly, the state should provide funds to schools and mandate that they hire SAOs. This would enhance engagement by fostering better oversight and collaboration while easing the administrative load on MDE. The state should also, simultaneously, add attendance as a consideration in the accountability model by which Mississippi measures school quality. When

school districts have an incentive to increase attendance, their likelihood of managing SAOs properly will increase.

7. Reforms to policies and funding formulas to ensure savings are realized

As outlined above (and as identified by other reports such as from PEER), schools can implement several initiatives to save on operations. However, the state may need to take additional action to ensure that schools implement these initiatives and reinvest funds to support students. Of course, all efforts to alter funding mechanisms must promote increasing the share of spend for instruction while remaining flexible to not unintentionally harm challenged schools (e.g., rural schools without sufficient scale).

Mississippi can take a range of actions (based on best practices from other states) to ensure that schools use funds for instruction – ranging from least to most state action:

1. Increase scrutiny (e.g., Illinois)

Mississippi can require additional justification from schools that show a large (or increasing) share of expenditures dedicated to non-instructional activity. This light-touch approach highlights overspending without requiring significant state resources or action. It is unlikely, however, to drive transformational change without an enforcement mechanism.

2. Provide school supports (e.g., Illinois)

The state can provide support services (e.g., coaches) to districts with excessive non-instructional spend growth to help address root causes of spending challenges. Mississippi has used a coaching model successfully to improve instructional outcomes and could further support districts in identifying solutions to spending challenges. However, as with the previous intervention, this lacks an enforcement mechanism to curb expenditure growth.

3. Fund use restrictions (e.g., California)

Earmarking portions of district funding as block grants with specific uses can ensure prudent utilization. This approach is used in California, where a share of funds is designated for specific purposes, such as Special Education. Leftover funds not used for their designated purpose are required to be used for high-need students. This system provides flexibility for districts while ensuring that funds reach students rather than administration. However, this would not apply to local funds – thus creating a loophole for districts to allocate local funding toward administration and utilize state funds for instructional purposes.

4. Cap administrative growth (e.g., Illinois)

Some states have a more direct approach to controlling spend and implemented a cap on administrative spending growth. For example, Illinois has a 5% cap with limited exceptions. Based on other state models, Mississippi should consider the following steps to control administrative spending growth:

- MDE reviews and approves school expenditure growth and offers support resources to manage spend if helpful (as outlined above).
- If MDE does not approve, the state Board of Education can approve the school's waiver request to increase administrative spending.

- If neither request is approved, the state can reduce funding to push for more efficient administration.

The benefit of this approach is that it caps cost growth without requiring schools to significantly change current operations. In addition, it offers the agency flexibility to intervene and control spending while providing exceptions if needed (e.g., challenged districts). Finally, this approach allows state oversight of all expenditures (including those from local revenue sources), versus just those from Mississippi sources, ensuring that students truly benefit.

However, this approach adds administrative complexity for the state and may unintentionally penalize districts in already challenged areas. This factor will need to be carefully considered and mitigated.

5. Cap spending (e.g., Texas proposal)

The most direct action is to cap the total funds that can be used for non-instructional purposes, as proposed in Texas. Mississippi can mandate penalties on districts with excessive administrative expenditures. This type of action would need to be carefully managed to ensure that it does not create undue burden on already challenged schools, though as an enforcement mechanism this proposal may be the most effective.

5.10 Mississippi Department of Employment Security (MDES)

5.10.1 Background and Context

MDES seeks to expand employment, improve workforce skills, and enhance productivity in Mississippi. MDES administers the unemployment benefits program that provides payments to Mississippians who have lost their jobs through no fault of their own. MDES also operates a network of WIN Job Centers, matching qualified, prospective employees with employers.

Nearly all of the agency's operating budget is Federally funded, resulting in little to no opportunity for state savings. There are two areas where increased operating efficiency is recommended. However, they do not directly result in cost savings to Mississippi.

5.10.2 Recommendations

1. Enhance technology / digital platforms for unemployment services delivery

Currently, processing and verifying unemployment claims is a highly manual process. Employment verification is conducted by phone call to employers, often taking 2-4 weeks to process and verify claims. Cases that require investigation can take even longer. Opportunities for enhancement, some of which MDES is already considering, include:

- Enhanced technology and use of AI to shorten this process to 3 days. MDES is currently planning and implementing enhanced technology to address this area.
- Collecting unemployment tax from employers is also a highly manual process that often requires staff to physically go to employers to collect taxes.
- Enhanced data systems would enable employers to file / pay their taxes online, eliminating the need for staff to go to each employer.

2. Process for oversight and evaluation of AccelerateMS workforce programming

MDES serves as the financial arm for AccelerateMS, an initiative created in 2021 by the Mississippi legislature to provide workforce development training and other programs that support employment and workforce preparedness. Since its inception, AccelerateMS has provided state funds to sub-grantees, including:

- **$5.25M to Three Rivers Planning & Development District** for the implementation of Career Coach Program in 26 counties across 40 school districts.
- **$2.4M to MS Works Workforce Training** to provide workforce training services (e.g., on-the-job training [OJT], internships, customized training, and multi-company OJT grants) to eight companies.

Given its recent start, public data on efficacy of AccelerateMS workforce programs is limited. Going forward, it is recommended that there be a standard process for collecting data and evaluating programming for effectiveness.

5.11   Mississippi Emergency Management Agency (MEMA)

MEMA is responsible for safeguarding Mississippi and its residents by fostering a culture of preparedness, executing timeline responses during disasters, and quickly restoring quality of life post-event. MEMA provides information and planning to the public and coordinates response and recovery efforts during emergency events.

Project Momentum identified opportunity to increase investment in mitigation in an initiative totaling $5M:

Initiatives	Estimated size of opportunity
Invest in mitigation to reduce disaster spend	$5M

5.11.1   Background and Context

MEMA has several key functions that make up its ~$23M in spending:

- **($10M) Recovery efforts:** Manage recovery efforts, such as individual assistance reimbursements, following a disaster event.
- **($7M) Hazard Mitigation & Preparedness:** Implement damage-prevention initiatives and design emergency plans and training programs to prepare for a disaster event.
- **($4M) Response efforts:** Coordinate state's response to any natural or man-made emergency through the state Emergency Operations Center.
- **($3M) Administrative Services:** Oversee financial and personnel affairs across all MEMA offices and programs.

5.11.2   Recommendations

1.   Invest in mitigation to reduce disaster spend

Since 2013, the number of billion-dollar natural disasters in Mississippi has increased 17% annually, from an average of 2.5 (2010-19) to 5.6 (since 2019). In addition, approximately 1 million sqft of state-owned properties are in poor condition, with almost half located in regions prone to flooding.

By increasing mitigation investment by ~$900K, Mississippi can save an estimated ~$5M in future disaster spend. Research indicates that every dollar invested in mitigation can save $6 in future disaster response spend.

The state should invest in several areas, including:

Wind	Reinforcing roof, windows, and doors
	Strengthening interconnecting structures between foundation and building elements
Flooring	Reinforcing and floodproofing building walls and foundations
	Improving landscaping and drainage

These actions will need an investment of ~$8.5M, requiring an increase in the current level of mitigation funding ($7.6M) by ~$900K.

Disaster type	Total sqft[14]	Cost / sqft to retrofit	Total cost to retrofit
Wind	1.1M	$3.2	$3.5M
Flooding	496K	$10	$5M
		Total costs:	**$8.5M**

Moreover, if the state moves to the proposed hybrid property insurance model, increased risk mitigation will (i) save taxpayer funds, and (ii) enable the state to better plan for expenditures by reducing unexpected expenses.

Exhibit 29: Total number of billion-dollar disasters in Mississippi

[1] *Accounts for flooding, severe storm, tropical cyclone, wildfire, winter storm, freeze and drought events. Source: National Centers for Environmental Information.*

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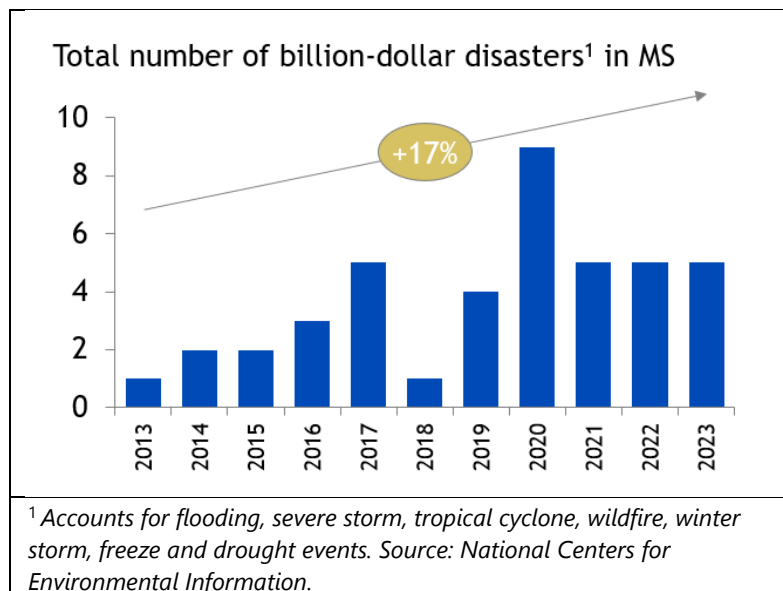
[14] Source: Mississippi DFA

5.12 Mississippi Department of Environmental Quality (MDEQ)

MDEQ is committed to safeguarding and improving the quality of Mississippi's air, land, and water resources while advocating for responsible environmental management. The agency enforces state and Federal regulations related to the environment (e.g., air emissions, groundwater wells) and engages with the private sector to provide oversight (e.g., issue permits, conduct inspections). In addition, the Department offers financial support to local jurisdictions and entities for infrastructure improvement projects and supports environmental research.

Project Momentum identified opportunities to improve MDEQ's business model and efficiency through two initiatives worth $2M:

Initiatives	Estimated size of opportunity
Improve permitting technology	$2M

5.12.1 Background and Context

By statute, MDEQ spends funds across five key areas. Staff are organized primarily across three major offices defined by statute - each responsible for regulating a different environmental area:

- **($44M) Pollution Control:** managing permits and inspections for air and waste.
- **($2M) Land & Water:** managing permits and inspections for projects that impact state water sources (e.g., groundwater, surface water diversion).
- **($2M) Geology:** overseeing permits and supports research and data efforts related to state mining interests.
- **($6M) Support Services:** providing HR, procurement, and other administrative services to MDEQ offices.
- **($24M) Direct grants:** providing additional funds directly to entities to support local infrastructure.

MDEQ struggles to keep up with the demands of regulating an expanding industry, and staff numbers continue to decline. MDEQ has ~339 employees today, down from ~500 employees 15 years ago. **Exhibit 30** shows the state share of FY 23 MDEQ salaries.

Exhibit 30: FY23 MDEQ salaries – state share
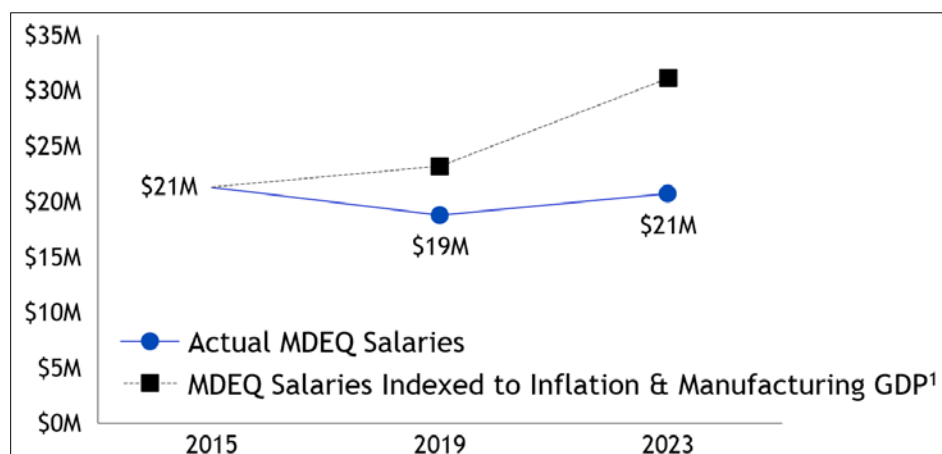
This is partially driven by low salaries, which has led to significant employee turnover. Increasing turnover has resulted in staff being over-burdened with recruiting and onboarding rather than advancing program objectives for Mississippi residents.

5.12.2 Recommendations

1. Use CRM Digital Platform for Inspections

Across various offices, MDEQ staff handle a substantial workload, which is complicated by fragmented digital systems. Investing in digitization can help MDEQ keep up with permit demand. DEQ agencies in other states have achieved significant gains by digitizing key inspection and permit processes. One peer state found that deploying a centralized, digital CRM system across permitting types unlocked 14% higher productivity, enabling staff to spend more time on permitting activities.

Should MDEQ adopt a similar platform, it could realize approximately $2M in staff efficiency gains, a critical opportunity considering current staffing challenges. Successful execution of this program will require comprehensive staff training and workflow adjustments to ensure that technology is utilized effectively.

2. Reform the Promotion Cap to Reduce Staff Turnover

Staff turnover has doubled from historical levels of approximately 10% to roughly 20% per year. Reducing staff turnover will preserve institutional knowledge and allow management to focus on essential tasks while improving employee productivity, motivation, and morale.

Exiting employees cite pay disparity between their jobs and roles in the Federal Government and private sector as a key reason for leaving. The State of Mississippi can slow the talent drain by:

- **Building flexibility** into the promotion policy, which limits disparity in pay across titles and prevents targeted raises.
- **Obtaining a waiver** from the relevant state entities to provide higher staff raises for certain roles.
- **Focusing turnover reduction efforts** on employees with the highest risk of leaving.

5.13 Mississippi Department of Wildlife Fisheries and Parks (MDWFP)

MDWFP's mission is to conserve and enhance Mississippi's wildlife, fisheries, and parks. MDWFP also provides quality outdoor recreation and engages the public in natural resource conservation.

Project Momentum identified opportunities to right-size the Department's operations through three initiatives worth $2M:

Initiatives	Estimated size of opportunity
Eliminate magazine and TV station	$0.7M
Reclassify CCC cabins to reduce maintenance spend	$0.5M - $0.6M
Close state golf courses	$0.3M - $0.6M

5.13.1 Background and Context

MDWFP comprises several divisions, with a total state annual budget of ~$54M, categorized into the following:

- **($16M) Parks:** Manage and maintain State parks.
- **($15M) Law Enforcement:** Enforce wildlife and gaming restrictions, including in State parks.
- **($6M) Fisheries & Wildlife:** Manage and maintain fisheries, hatcheries and wildlife.
- **($4M) Museum:** Operate Museum of Natural Science in Jackson.
- **($14M) Support Services:** Provide HR, procurement, and other administrative services for other functions.

5.13.2 Recommendations

1. Explore alternative leasing arrangements for state golf courses

The state currently owns and leases operations of four (three operable) golf courses: Hollow, Mallard Pointe, LeFleur's Bluff, and Dogwoods. The lease agreements are such that lessees retain operating revenue and cover operating costs, while the state remains responsible for capital expenditures and receives a leasing fee.

This arrangement has been inefficient, as Mississippi estimates that annual capital expenditures could make up 30%-50% of overall annual golf course expenses, making the state responsible for $350K-$600K in capital expenses per year. Meanwhile, the state receives an average of $25K in annual lease revenue, resulting in an estimated annual loss of about $325K-$575K.

MDWFP can capture $300K-$600K annually by exploring alternative arrangements for golf courses, including renegotiating the terms of the existing lease agreements, or repurposing the existing land into another outdoor recreational offering for constituents.

2. Evaluate Options for Classification of Recreational Cabins

The Parks Division operates nearly 200 cabins for public use, and a significant portion of its annual budget goes toward maintenance of these cabins. Nearly one-third of these cabins are classified as historical, given their origins as Civilian Conservation Corps (CCC) projects.

Due to the historical requirements for materials, routine maintenance costs for CCC cabins can be three to four times those of modern cabins. Furthermore, one-time renovations for CCC cabins cost $310K on average – almost twice the cost of renovating modern cabins at $180K. Currently, about one-third of CCC cabins require immediate renovation. Cabin renovations are a significant driver of occupancy and revenue, with estimated occupancy of non-renovated cabins at 40% compared to newly renovated cabins at 90%.

MDFWP can save $2.4M on one-time renovation costs and $450K annually by maintaining about one-third of existing CCC cabins to modern, rather than historic, standards. Further savings can be achieved by preserving even fewer cabins to historical standards. Making cabin maintenance more fiscally feasible will also improve public access and increase cabin rental revenue.

3. End *MS Outdoors* Magazine and TV Channel

MDWFP publishes *MS Outdoors* magazine (with physical distribution of copies across the state) and runs a TV channel with a range of content on nature, outdoor activities, and Mississippi's natural

resources, including state parks. The magazine charges its ~9K subscribers a small subscription fee, and the TV channel brings in approximately $7K in advertising revenue. Total revenue for these programs is nowhere near their current annual operating costs of $700K per year.

It is no longer prudent to use taxpayer funds to continue funding these programs in their current form. Mississippi is one of the few states in the region to publish this type of content, and related content from other sources is widely available online. Given that an increasing number of residents access this type of content through online channels (e.g., digital publications, social media, YouTube), the Department should consider eliminating the program in its current form and exploring other, more cost-effective methods to engage constituents. Alternatives include:

- Online-only publication instead of printed magazine.
- Leveraging user-generated content instead of employing content writers.
- Using YouTube as a primary channel for video content, rather than television, given growing consumer preference for digital platforms.

Auditor's note to the Corrective Action Plan from Mississippi Division of Medicaid (MDOM) Management

Division of Medicaid – Eligibility - *Material Weakness/Material Noncompliance*

2019 – 027   **Controls Should Be Strengthened to Ensure Compliance with Eligibility Requirements of the Medical Assistance Program and the Children's Health Insurance Program**

Material Weakness Determination

MDOM's Corrective Action Plan does not consider the implications of not verifying "self-attested" income data when determining eligibility of Medicaid recipients. While auditor found only four recipients with income that exceeded modified adjusted gross income (MAGI) limits, auditor verified that MDOM did not have a process in place to verify any self-employment income reported in the initial application or redetermination phase that was in accordance with their State Plan. Out of 180 individuals tested by auditor, 18 (or ten percent) did not report any self-employment income to MDOM but reported it on his or her 2018 tax return. While these individuals are potentially eligible, MDOM was completely unaware that the self-attested income on the application was incorrect.

Additionally, the Medicaid State Plan requires the verification of all income for MAGI-based eligibility determinations, and MDOM's *Eligibility Policy and Procedure Manual (Section 201.03.04a)* requires the use of an individual's most recent tax return to verify self-employment income. This section further states, if tax returns are not filed, not available, or if there is a change in income anticipated for the current tax year, refer to Chapter 200, Net Earnings from Self-Employment at 200.09.08, for policy on estimating net earnings from self-employment. The MDOM's State Plan does not allow for accepting self-attested income. Therefore, if an applicant indicates zero for self-employment income, the amount of zero must be verified like any other income amount. Auditor considered MDOM's lack of compliance with the Medicaid State Plan, MDOM's own policies and procedures, and the ten percent error rate as factors when determining the magnitude of MDOM's noncompliance. The definition of a material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a **reasonable possibility** that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. As the ten percent error rate suggests, it was not only reasonably possible that noncompliance occurred, it was verified by auditors that noncompliance occurred.

Eligibility Determinations

While OSA acknowledges that the self-employment income reported on the 2018 income tax returns does not, in and of itself, make the four sited recipients ineligible, it does indicate that they had self-employment income during the year of eligibility determination that was, potentially, not accurately reported on their application. Furthermore, MDOM did not perform any procedures to verify that the self-employment income reported on the applications was accurate. As MDOM stated in the Corrective Action Plan, personnel at MDOM still are unaware if the four individuals are in fact eligible for assistance. MDOM provided some "possible" scenarios that would make the individuals eligible, but, due to the lack of compliance with stated policies and procedures, MDOM cannot say with any certainty that the payments are allowable, which is the reason the payments are considered questioned costs.

As explained to MDOM by auditors during the audit, the audit procedures performed were not intended to prove whether all Medicaid recipients were either eligible or ineligible, but to verify that MDOM followed policies when

making eligibility determinations. In these four instances specifically, auditor was able to demonstrate that MDOM did not have enough information to make an eligibility determination. Auditor concurs that OSA is not able to know the recipients were actually ineligible; conversely, MDOM is not able to know the recipients are actually eligible due to their own failed compliance with policies. Eligibility for these individuals is, at best, questionable, which is why the payments made are questioned costs. Auditor also concurs that 2018 tax returns may not have been available at the time of three of the four eligibility determinations; however, MDOM could have used the most recent tax return available, which would have been the 2017 tax return. Auditor was able to verify that three of the four individuals had self-employment income on the 2017 returns as well, thereby negating MDOM's argument regarding the use of the 2018 returns. For the fourth beneficiary, the June 2019 eligibility determination was a redetermination of a previous eligibility determination. The individual's 2017 tax return reflected self-employment income that was not reported to MDOM at the time of the initial eligibility determination. This income would have made the individual ineligible for Medicaid. Additionally, for the redetermination in 2019, the 2018 tax return would have been the most recent tax return filed, and, therefore, should have been used to make an eligibility redetermination. For this beneficiary, the MDOM gives examples of why this individual may have been eligible even with including the self-employment income; however, they used inconclusive words such as, "may have been pregnant" and "likely would have been eligible", thus signifying again that MDOM themselves are unaware if the beneficiary is actually eligible.   In fact, auditors were able to verify that the individual's eligibility case file contained no indication that she was pregnant, negating MDOM's argument.

Questioned Costs/Projected Costs
MDOM does not appear to understand the concept of "Questioned Costs", as evidenced by their response in the Corrective Action Plan. Questioned costs, by definition in the *Code of Federal Regulations Part 200.84,* are any costs that, at the time of audit, are not supported by adequate documentation. It is entirely possible that a cost questioned by the auditor would be allowable under federal review; however, if the documentation does not exist or does not support the cost, auditors are required by governmental auditing standards to question it. As stated above, MDOM did not have enough information at the time of audit to support the eligibility determinations made by MDOM personnel. In regards to the extrapolation of the error rate, auditors are required to report to the awarding agency (the Department of Health and Human Services) known **and likely** questioned costs. By sampling and testing, auditor was able to identify $23,628 in known questioned costs. Using statistical projection, based on a confidence rate of 95 percent, auditor can confidently report likely questioned costs exceeding $64 million dollars. In order to report these projected costs confidently, auditor used varying statistical analysis to project the error. MDOM specifically mentions certain types of eligibility that should be excluded from the population that is extrapolated and that only MAGI eligible participants should be included in that population.   It is important to note that auditor did exclude those specific types, and that the population used was only MAGI eligible participants, negating MDOM's argument that the projection is overinflated. Moreover, the $64 million is actually the **most conservative extrapolation** of questioned costs. In fact, likely questioned costs could fall somewhere between $64 million and $144 million. While those amounts do sound extreme, the projection is based on actual numbers and is statistically accurate and valid.

Tax Return Data Overall
Auditor is not in a position to decide or to weigh the validity of using tax return data in eligibility determinations. That decision is left in the hands of the Federal entities responsible for granting MDOM awards, and MDOM themselves when they established the Medicaid State Plan and the Eligibility manual. The federal Department of Health and Human Services requested auditors redetermine eligibility using tax return data for 2019 fiscal year audits. Auditors have followed all requirements to test MDOM's procedures and compliance, including the requirement to use tax return data to redetermine eligibility. Because MDOM cannot, in fact, show that they followed their policy and procedures to verify the self-employment income and have admitted through their response that they themselves are not certain that they are in fact eligible recipients, we maintain our position that a material weakness and material noncompliance exists with significant potential questioned costs.

Edit *Auditor Responds to Federal Prosecutors' Statement on Medicaid Case*

MS State Auditor
Shad White

Auditor Responds to Federal Prosecutors' Statement on Medicaid Case

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09/02/2022

JACKSON, Miss. — State Auditor Shad White has issued the following statement:

"Last year, we released an audit that compared the income people claimed when they applied to be on Medicaid versus what they made according to their state income tax return. I pointed out at the time that there were 'two individuals who own multi-million dollar homes and declared high incomes on their most recent tax returns, but also receive Medicaid benefits.

The ACLU and other groups called me and my team every name in the book for this audit. When I personally told the head of the ACLU about people lying to get on Medicaid, he said 'That's not happening.' They fought me when I wanted access to state income tax returns. The Southern Poverty Law Center said I was 'misleading' people. The Mississippi Center for Justice said Medicaid was working just fine.

Yesterday, federal prosecutors announced two Mississippians—who 'own a five-bedroom 7,850 square foot home located in Madison, Mississippi, most recently valued at 1.3 million dollars'—are being forced to repay $130,000 to Medicaid. The prosecutors say they 'falsely represented' their income and that they own or are associated with 48 convenience stores. This, of course, shows that my team's work was valid and that the groups who criticized our work were wrong.

I don't expect an apology to my auditors from these groups. The groups would never let the facts get in the way of their narrative. But I do want taxpayers to know we're watching, and we will not be bullied by these groups. The purpose of our audit was to ensure only the people who are actually eligible for Medicaid are allowed to be on Medicaid, and we will keep doing that work.

The Auditor's office does not have the authority to prosecute its own cases, so I'm grateful to the federal prosecutors who are pursuing cases like this."

Click here to see the full statement from federal authorities on the case.

The post Auditor Responds to Federal Prosecutors' Statement on Medicaid Case appeared first on Mississippi Office of the State Auditor News.

Appendix: III
Deceased Mississippians Remaining on Medicaid Rolls

MS State Auditor
Shad White

Auditor's Office and Division of Medicaid Announce Joint Effort to Identify and Recover Funds

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08/08/2018

Jackson, Miss. — The Mississippi Office of the State Auditor (OSA), in collaboration with the Mississippi Division of Medicaid, has identified

and begun to recover $616,447 in improper payments made to Managed Care Organizations by Medicaid.

Each month, Medicaid makes payments to Managed Care Organizations, the companies that ensure medical coverage is provided to more than 70% of Medicaid beneficiaries. After review, OSA and Medicaid jointly determined that improper payments had been made to Managed Care Organizations and should be recovered.

A disallowed payment is one which is not permitted under Medicaid program rules. Examples from this project include payments made on behalf of deceased individuals or those admitted into long-term care facilities.

Medicaid has begun the process of recovering these funds from the insurance companies and ensuring that agency protocol prevents these improper payments from being processed in the future. OSA will assist as necessary.

State Auditor Shad White said, "We used new 'big data' techniques to identify these funds that were spent in error. Creating efficient government is a priority, and I am excited about the relationship my office has formed to ensure taxpayer dollars are being spent appropriately."

OSA and Medicaid have collaborated throughout this project by coupling technical expertise with shared data to improve accountability to taxpayers. Both OSA and Medicaid will continue this collaboration to ensure public funds are spent appropriately.

"I believe being responsible stewards of taxpayer dollars is one of the highest duties of any state agency," said Medicaid Executive Director Drew Snyder. "I appreciate the good work that the State Auditor's Office and the team at Medicaid have done and continue to do in identifying and preventing payment errors."

The post [Auditor's Office and Division of Medicaid Announce Joint Effort to Identify and Recover Funds](#) appeared first on [Mississippi Office of the State Auditor News](#).

Appendix: IV
Over $100 Million in Stolen and Misspent Federal Welfare Funds

December 17, 2019

Financial Audit Management Report

Christopher Freeze, Executive Director
Mississippi Department of Human Services
200 South Lamar St.
Jackson, MS 39201

Dear Mr. Freeze:

Enclosed for your review are the financial audit findings for the Mississippi Department of Human Services for the Fiscal Year 2019. In this finding, the Auditor's Office recommends the Mississippi Department of Human Services:

1. Strengthen controls to ensure management's "Tone at the Top" does not allow for the circumventing of policies, procedures, state law, and/or federal regulations; and
2. Strengthen controls over MAGIC segregation of duties, business role assignments and quarterly access review.

Please review the recommendation and submit a plan to implement it by January 3, 2020. The enclosed finding contains more information about our recommendation.

During future engagements, we may review the finding in this management report to ensure procedures have been initiated to address this finding.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mississippi Department of Human Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mississippi Department of Human Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendation enables the Mississippi Department of Human Services to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Human Services throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

Stephanie C. Palmertree, CPA CGMA
Director, Financial Audit and Compliance Division
Enclosures

FINANCIAL AUDIT MANAGEMENT REPORT

The Office of the State Auditor has completed its audit of selected accounts included on the financial statements of the Mississippi Department of Human Services for the year ended June 30, 2019. These financial statements will be consolidated into the State of Mississippi's Comprehensive Annual Financial Report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our procedures and tests cannot and do not provide absolute assurance that all state legal requirements have been met. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Internal Control over Financial Reporting

In planning and performing our audit of the State of Mississippi's CAFR, we considered the Mississippi Department of Human Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on these accounts, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the Mississippi Department of Human Services' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the following paragraphs, we identified certain deficiencies in internal controls that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency identified in this letter as item 2019-012 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency identified in this letter as item 2019-013 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether selected accounts included on the financial statements of the Mississippi Department of Human Services are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Finding and Recommendation

Material Weakness

2019-012	Controls Should Be Strengthened to Ensure Management's "Tone at the Top" Does Not Allow for the Circumventing of Policies, Procedures, State Law, and/or Federal Regulations

Repeat Finding   No

Criteria   The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when there is a commitment to integrity and ethical values. This principle of "tone at the top" management serves as the foundation of all other components of internal control.

Condition   During fiscal year 2019, the Executive Director and several members of the Executive Management Team at the Mississippi Department of Human Services (MDHS) threatened and intimidated employees regarding pervasive and widespread fraud, waste, and abuse. Employees operated under widespread fear of retaliation for questioning the legality or appropriateness of any directive from the Executive Director or his team. Employees were aware of possible fraudulent activities and inappropriate actions regarding the Temporary Assistance of Needy Families (TANF) subgrantees, and did not report such activities to federal or state auditors when questioned. When auditors inquired why individuals did not confide these suspicions to those charged with governance or auditors, employees stated that they were scared of immediate termination or additional retaliation.

Additionally, the Executive Director ceased the TANF State Plan approved method of procuring subgrantee services based on an independent scoring rubric and process and replaced the existing procurement method with a system where the director unilaterally decided when grants were awarded and for how much they were funded. Due to this change, one subgrantee's funding was increased from approximately $2 million to $20 million over three years.

The Executive Management Team in place during fiscal year 2019 did not exhibit appropriate "tone at the top" leadership. Management not only allowed, but also participated in, significant fraud, waste, and abuse of TANF funds. These practices not only severely limited resources that should have been available to those qualifying for TANF assistance, but could cause clawbacks of federal resources. Additionally, misuse of TANF funds, specifically intentional misuse of funds, can trigger penalty clauses as outlined in Uniform Grant Guidance. These penalty clauses could either be repayment of funds, or reduction in State assistance amounts in subsequent quarters.

Examples of fraud, waste and abuse include:
- Employees from the Office of Monitoring within MDHS were pulled from subgrantees when issues were discovered in order to conceal questioned costs.

- Exorbitant conferences were held for MDHS employees
- Fees and expenses for contractors were paid when contracts required contractor to pay for all expenses.
- First Class airfare and extensive travel expenses were paid for members of the Executive Management Team and non-employees.
- Subgrantees were encouraged to use specific vendors – specifically members of the Executive Director's family.

The Executive Director in place during the fiscal year under audit resigned his post in July 2019, and a new Executive Director was appointed as of August 2019. The new Executive Director replaced many members of the Executive Management Team and began implementing new policies. These new policies have not been audited as of the date of this report as they relate to the subsequent fiscal year.

Cause   Executive Management at MDHS did not possess or encourage ethical business practices or appropriate grant management.

Effect   Without ethical leadership and an appropriate "tone at the top", fraud, waste, and abuse can occur and lead to the intentional misuse of federal funds. The misuse of federal funds can cause a reduction in federal assistance for the State of Mississippi.

Recommendation   We recommend Management at the Mississippi Department of Human Services evaluate all policies and procedures to ensure ethical and appropriate business practices. Additionally, we recommend employees and management undergo training classes on exhibiting appropriate "tone at the top" leadership and adopting an ethical work culture.

SIGNIFICANT DEFICIENCY

2019-013   <u>Controls Should Be Strengthened over MAGIC Segregation of Duties, Business Role Assignments and Quarterly Security Certification Process</u>

Repeat Finding   Yes, 2018-34 in 2018

Criteria   The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the *U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specify that a satisfactory control environment is only effective when control activities exist, such as proper segregation of duties. Segregation of duties is the sharing of responsibilities within a key process and dispersing the critical functions of that process to more than one person.

Additionally, the *Mississippi Agency Accounting Policies and Procedures* (MAAPP) manual section 30.60.00 requires security roles in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) to be assigned to an employee based on his or her job duties, and that security roles be reviewed quarterly by agencies to ensure duties are properly segregated. The Department of Finance and Administration (DFA) issued the *MAGIC Roles and Definitions* policy document to inform agencies of roles that should be separated to reduce conflicts as well as other role requirements.

Condition   The Mississippi Department of Human Services (MDHS) submitted certifications to the Department of Finance and Administration (DFA) quarterly during state fiscal year 2019 stating that it was in compliance with MAGIC security policies. Upon review of the security roles assigned, the agency had conflicts to assigned duties, as detailed below.

During our review of MAGIC security roles at MDHS during fiscal year 2019, we noted:
- Thirty-two security role conflicts between accounts payable and accounts receivable functions;
- Sixteen instances of roles assigned to MDHS personnel that have no matching security role;
- Seven instances of roles assigned to MDHS personnel that are not allowed for the agency;
- Seven instances in which roles were assigned to MDHS personnel without the required oversight roles being assigned;
- One instances in which roles were still assigned to employees after their employment ended with the agency; and,
- Lack of effective review of information that was certified by agency.

Cause   The agency did not properly review and monitor MAGIC security roles assigned to employees.

Effect   Failure to properly segregate duties and limit user access among agency personnel increases the risk of misappropriation of assets, inappropriate changes to data or files, and unauthorized activity which can result in material misstatements of financial statements.

Recommendation   We recommend the Mississippi Department of Human Services strengthen controls over MAGIC security access and ensure that roles are properly assigned, duties are segregated, and separated employees have their access removed in a timely manner.

End of Report

STATE OF MISSISSIPPI
Phil Bryant, Governor
DEPARTMENT OF HUMAN SERVICES
Christopher Freeze
Executive Director

Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P.O. Box 956
Jackson, Mississippi 39205-0956

January 14, 2020

Dear Mr. White:

Enclosed for your review is the agency's official response and correlating corrective action plans to the financial audit finding in the "Financial Audit Management Report" as outlined in the Mississippi Department of Human Services financial audit performed for the Fiscal Year 2019.

FINANCIAL AUDIT FINDINGS

2019-012   **Controls Should Be Strengthened to Ensure Management's "Tone at the Top" Does Not Allow for the Circumventing of Policies, Procedures, State Law, and/or Federal Regulations.**

MDHS Response: MDHS agrees that controls should be strengthened to ensure a "Tone at the Top" style does not allow for circumventing policies, procedures, State Law and/or Federal regulations.

Corrective Action Plan: MDHS is in agreement that during the audit period, the prior Executive Director and a few supervisors under the prior Executive Director's direction did not exhibit appropriate "tone at the top" leadership. We agree the culture created and promulgated by the prior Executive Director led to Temporary Assistance of Needy Families (TANF) monies being unilaterally and arbitrarily distributed without proper oversight or review. In order to maintain this posture, the prior Executive Director terminated or retaliated against employees which furthered the problems.

However, senior members of the Executive Management team were also responsible for bringing the prior Executive Director's actions to light in June 2019. Since the prior Executive Director's actions had been on-going during his tenure, had the senior members of the team not brought his actions to light, the probability was high the waste and abuse of funds would not have been discovered during routine audits or reviews. The MDHS Executive Leadership currently in place has worked closely with OSA on this matter in order to ensure a complete and thorough examination.

After the prior Executive Director left MDHS employment, a new Executive Director was appointed and leadership changes were made to address the "tone at the top" culture as well as the effective and efficient use of state and federal funds. Specifically, MDHS no longer employs the select individuals implicated in this matter, has released and awarded Request for Proposals concerning the TANF block grant, and has revised the subgrant manual to ensure additional measures of internal controls are in place to prevent such from occurring the future. All of these actions have increased the transparency and accountability at MDHS.

Additionally, the TANF state plan, which governs all program expenditures as approved by the Administration for Children and Families and was the controlling document during State Fiscal Year 2019 did not require a competitive procurement be conducted. Further, the TANF state plan encouraged the use of subgrantees in the administration of TANF dollars and service of MDHS clients in need of assistance.

The TANF State Plan is currently under revision as part of the State's Workforce Innovation Opportunity Act State Plan, in which TANF is a core partner, and a procurement process is being written into the new state plan that will be submitted in March of 2020. The state plan will incorporate the lessons learned as part of the prior Executive Director's inappropriate activities.
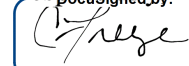
2019-013   **Controls Should Be Strengthened over MAGIC Segregation of Duties, Business Role Assignments and Quarterly Security Certification Process.**

MDHS Response: MDHS is in agreement that it should strengthen its' policies and procedures to ensure that duties and business role assignments in MAGIC are segregated.

Corrective Action Plan: MDHS currently reviews the role assignments quarterly to ensure segregation of duties and has made significance progress over prior year's audit findings. Additionally, MDHS reviews employees that are no longer associated with the agency. MDHS will also notate individuals that have multiple roles and explain the rationale for same.

We appreciate the courtesy and professionalism demonstrated by Emily Mathis and her field staff throughout the audit. Should you have any questions regarding our responses or corrective action plan, please do not hesitate to contact Hadley Eisenberger, Inspector General, at 601-359-4939.

Respectfully,

Christopher Freeze, Executive Director

CF: HE

pc: Jacob Black
       David Barton
       Hadley Gable Eisenberger

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE

April 22, 2020

Single Audit Management Report

Robert Anderson, Executive Director
Mississippi Department of Human Services
200 South Lamar St.
Jackson, MS 39201

Dear Mr. Anderson:

Enclosed for your review are the single audit findings and other audit findings for the Mississippi Department of Human Services for Fiscal Year 2019. In these findings, the Auditor's Office recommends the Mississippi Department of Human Services:

Single Audit Findings:

1. Strengthen controls to ensure compliance with subrecipient allowable cost activities of the SNAP, CCDF, TANF and SSBG programs;
2. Strengthen controls in order to verify expenditures are allowable and appropriate for Supplemental Nutrition Assistance Program (SNAP);
3. Strengthen controls over compliance with allowable cost requirements of the TANF program;
4. Strengthen controls over compliance with allowable cost requirements of the CCDF Cluster;
5. Strengthen controls over review of computations and data for Allowable Cost activity used in the manual cost allocation process and review of indirect costs allocated to federal programs;
6. Strengthen controls over compliance with cash management requirements of the Temporary Assistance for Needy Families (TANF) program;
7. Strengthen controls over compliance with eligibility and benefit payment requirements of the CCDF Cluster;
8. Strengthen controls to ensure compliance with the matching requirements of the CCDF Cluster;
9. Strengthen controls to ensure compliance with the award's Period of Availability/Period of Performance for the CCDF program;
10. Strengthen controls over procurement policies and awarding subgrants for the TANF program;
11. Strengthen controls over procurement policies relating to subrecipients for Supplemental Nutrition Assistance Program (SNAP);
12. Strengthen controls over submission of required federal reports of the TANF program;
13. Strengthen controls over on-site monitoring for the Supplemental Nutrition Assistance Program (SNAP), Child Care and Development Block Grant (CCDF), Temporary Assistance for Needy Families (TANF), Social Services Block Grant (SSBG) and Low Income Home Energy Assistance (LIHEAP) Programs;
14. Strengthen controls over subrecipient monitoring of OMB Uniform Guidance Audits for the Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs; and

15. Strengthen controls over the review of Foster Care maintenance payment rates and the calculation of Foster Care maintenance payments for the Title IV-E Foster Care program.

<u>Other Audit Finding</u>:

16. Strengthen controls over the removal of MAVERICS User Login Profiles for the TANF Program.
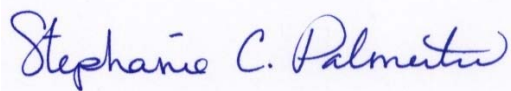
Please review the recommendations and submit a plan to implement them by April 29, 2020. The enclosed findings contain more information about our recommendations.

During future engagements, we may review the findings in this management report to ensure procedures have been initiated to address these findings.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

I hope you find our recommendations enable the Mississippi Department of Human Services to carry out its mission more efficiently. I appreciate the cooperation and courtesy extended by the officials and employees of the Mississippi Department of Human Services throughout the audit. If you have any questions or need more information, please contact me.

Sincerely,

Stephanie C. Palmertree, CPA, CGMA
Director, Financial and Compliance Audit Division

Enclosures

SINGLE AUDIT FINDINGS

In conjunction with our audit of federal assistance received by the State of Mississippi, the Office of the State Auditor has completed its audit of the State's major federal programs administered by the Mississippi Department of Human Services for the year ended June 30, 2019.

Our procedures and tests cannot and do not provide absolute assurance that all federal legal requirements have been met. In accordance with Section 7-7-211, *Mississippi Code Annotated* (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

Report on Compliance for Each Major Federal Program

We have audited the Mississippi Department of Human Services' compliance with the types of compliance requirements described in the *OMB Uniform Guidance Compliance Supplement* that could have a direct and material effect on the federal programs selected for audit that are administered by the Mississippi Department of Human Services for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles and Audit Requirements* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mississippi Department of Human Services' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. However, our audit does not provide a legal determination of the Mississippi Department of Human Services' compliance.

Results of Compliance Audit Procedures

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Uniform Guidance and which are identified in this letter as items 2019-030, 2019-031, 2019-032, 2019-033, 2019-034, 2019-035, 2019-036, 2019-037, 2019-038, 2019-039, 2019-042, and 2019-043.

Internal Control over Compliance

Management of the Mississippi Department of Human Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mississippi Department of Human Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal controls over compliance in accordance with OMB Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of Mississippi Department of Human Services' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance identified in this letter as items 2019-030, 2019-031, 2019-032, 2019-033, 2019-035, 2019-039, 2019-042, and 2019-043 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance identified in this letter as items 2019-034, 2019-036, 2019-037, 2019-038, 2019-040, 2019-041, and 2019-044 to be significant deficiencies.

In addition, we noted another other deficiency in internal control over compliance that require the attention of management that we have reported on the attached document, "Other Audit Findings," as items OTH-19-01.

Findings and Recommendations

ACTIVITIES ALLOWED/ALLOWABLE COSTS

Material Weakness
Material Noncompliance

2019-030	The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Subrecipient Allowable Cost Activities.
CFDA Number(s)	10.551 Supplemental Nutrition Assistance Program (SNAP)
	10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)
	93.558 Temporary Assistance for Needy Families (TANF)
	93.575 Child Care and Development Block Grant (CCDF)
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF)
	93.667 Social Services Block Grant (SSBG)

Federal Award	12-35-2841 (SNAP)	G1701MSTANF	G1701MSCCDF
	2017IQ390345	G1801MSTANF	G1801MSCCDF
	2018IQ390345	G1901MSTANF	G1901MSCCDF
		G1702MSTANF	

Pass-Through   U.S. Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs $94,164,608. See chart at the end of finding for detailed information.

Repeat Finding   No.

Statistically Valid   Varying types of sampling and testing techniques were used; some are considered statistically valid and some are not. During the initial planning phase of the audit, auditor identified population as two separate and distinct groups – 1) Payments made by MDHS for services other than direct assistance to recipients 2) Payments made to first tier subgrantees. However, due to increased fraud risk during the audit, transactions were subdivided into many different populations so that statistical projection of error rates could be utilized. High risk populations were examined at 100 percent, moderate risk populations were sampled individually, and low risk items were grouped in one population to sample. Additionally, after initial testing, it was determined that fraud risk was still at a high level and a nomenclature review over the populations was performed to pull out specific transactions as individually significant.

Background   Auditors were alerted to significant areas of fraud risk by the Governor of Mississippi on June 21, 2019. An internal audit performed by staff of MDHS uncovered a possible fraudulent scheme involving a third party contractor in the TANF program and the Executive Director of MDHS at that time (JD). Investigators from the OSA Investigative Division and financial auditors worked to piece together information about this scheme and subsequently indicted six individuals involved in a conspiracy to steal (by a variety of means) approximately $4 million in TANF funds. The initial investigation into the theft coincided with the fiscal year 2019 Single Audit. Due to this known fraud, auditors considered many areas of grant expenditures to be high risk. In order to properly account for and describe the significant areas of waste, fraud, and abuse that were uncovered during the subsequent investigation and audit, the finding format of this particular finding will vary.

Criteria   **Applicable Internal Controls**: *The Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and *the United States Government Accountability Office (GAO) Green Book* dictates that in order for organizations to have effective internal control, the organization should have an effective control environment. A component of an effective control environment is proper oversight ability, accountability and commitment to ethical values.

    Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403)* states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

    The Code of Federal Regulations (2 cfr 200.404) states "A cost is reasonable - if in its nature and amount, it does not exceed that which would be incurred by a prudent

person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the entity is predominately federally funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award. (c) Market prices for comparable goods or services for the geographic area. (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government. (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

The Code of Federal Regulations (2 cfr 200.405 (a)) states "A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received."

MDHS requires each subgrantee to attest by signature that they have read and understood the Subgrantee Manual issued by MDHS before payments on awards can be made. Additionally, each subgrant administered by MDHS is governed by the standard Subgrantee Agreement which sets out specific regulations that govern the subgrant.

The Office of Family Assistance, a Division of the Office of Administration for Children and Families and the grantor of TANF funds, states there are four tenets of the TANF program –

1) To provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
2) End the dependence of needy parents by promoting job preparation, work, and marriage;
3) Prevent and reduce the incidence of out-of-wedlock pregnancies; and
4) Encourage the formation and maintenance of two-parent families.

The Office of Family Assistance produced *Q&A: Use of Funds*, published on May 2, 2013, which clarifies the use of funds for "needy" families and is copied, verbatim, below:

"Q1: May States help the non-needy with services that are consistent with TANF purpose one or two as long as those services fall outside the definition of assistance?"

"A1: No. The first two statutory purposes (related to caring for children in their own homes and ending dependence) are expressly for the needy. Therefore, the statute envisions that States would serve only the needy when they are conducting activities or providing benefits that are reasonably calculated to accomplish TANF purpose one or two. This means that States would have to develop and apply criteria

of financial need in these cases. However, States may use Federal TANF funds to help both the needy and the non-needy with benefits or services that are reasonably calculated to accomplish TANF purpose three or four (which relate to reducing out-of-wedlock pregnancies and the formation and maintenance of two-parent families). In serving the non-needy, States may use only segregated Federal TANF funds."

While states are allowed and encouraged to use creative mechanisms to accomplish the four main goals of TANF, the core purpose of the grant is to assist the needy. States are allowed, in their State Plan, to define the eligibility of needy per tenet and/or initiative. *The TANF State Plan*, as prepared by MDHS, states the following income limits/thresholds for determining the eligibility of individuals for each initiative:

- Intensive Youth Supervision Programs – To provide a diversionary, community based intensive supervision program for youth offenders. Individuals must be at or below 300 percent of the Federal Poverty Level.
- Child Care Enhancements – To end the dependence of needy parents on government benefits by promoting job preparation, work and marriage. Must be TANF participants, or low income families at risk of going onto TANF that are eligible for CCDF.
- Responsible Fatherhood Initiative – To encourage the formation and maintenance of two-parent families and prevent and reduce out-of-wedlock pregnancies. Financial eligibility determination is not required for this program.
- Post-Employment Assistance Programs – To end the dependence of needy parents on government benefits by promoting job preparation and work. Families eligible for this program are not required to be TANF eligible, but must be at or below 200 percent of the Federal Poverty Level.
- TANF Prevention/Intervention – To develop projects in community-based settings to prevent and reduce at-risk behaviors among youth and their families to prevent or break the cycle of welfare dependence. Financial eligibility determination is not required for this program.
- Healthy Choices, Brighter Future Initiative – To involve community, faith-based organizations, schools and families in the establishment of educational and training programs on youth leadership development and teen pregnancy prevention promoting abstinence. Financial eligibility determination is not required for this program.

Additionally, based on the availability of funds, the following initiatives are outlined in the TANF State Plan:
- TANF Summer Enrichment Program – no eligibility criteria are defined.
- TANF Work Program - no eligibility criteria are defined.
- Crisis Intervention Program – Families are not required to be TANF eligible but must be below 150 percent of the Federal Poverty Level.
- Funds may be made available to Attorney General to implement programs that serve at risk youth. No eligibility criteria are defined.

- TANF Funds may be used for temporary care of children in foster care. Families eligible for this program are not required to be TANF eligible but must be below 300 percent of the Federal Poverty Level.
- Families First Resource Centers – Individuals must be at or below 300 percent of the Federal Poverty Level.
- TANF funds may be used to provide family preservation services to families with dependent children. Families must be at or below 300 percent of the Federal Poverty Level.
- State Coalition of the Young Men's Christian Association (YMCA) for the purpose of developing and implementing statewide programs that serve the unmet needs of youth by way of Adolescent Offenders and Teen Leadership Programs. Individuals eligible for this program are not required to be TANF eligible, but must be at or below 300 percent of the Federal Poverty Level.

The *MDHS Subgrant/Contract Manual* states in Section 5, under the heading "Financial Management – Accounting Procedures" that "Separate financial records shall be maintained for each subgrant. Separation serves record keeping requirements and also eliminates potential conflicts with the subgrantees' usual record keeping systems which may reflect a different fiscal year, or accounting by function or department rather than by subgrant or work activity. Each subgrantee shall maintain one set of accounting records for the entire subgrantee entity which shall separately identify the receipts and disbursements for each subgrant or other source of funds. The subgrantee shall be able to isolate and trace every subgrant dollar from receipt to expenditure and have on file appropriate supporting documentation for each transaction.

Examples of documentation are vendor invoices, bills of lading, purchase orders, payment vouchers, payrolls, bank statements and reconciliations, documentation to verify that only eligible clients were served; employee activity sheets to verify activities performed and the actual hours worked for each activity/subgrant; and, cash receipt logs to verify all funds received and the actual date of receipt."

Due to the substantial amount of questioned costs found during the fiscal year 2019 audit, questioned costs are grouped by category/type of expenditure below. Each bulleted item below will also state the specific law, regulation or control that was violated.

Condition   During the audit of fiscal year 2019, auditors noted that MDHS Executive Leadership (specifically the former Executive Director, JD) participated in a widespread and pervasive conspiracy to circumvent internal controls, state law, and federal regulations in order to direct MDHS grant funds to certain individuals and groups. Executive Director JD purposefully and willfully disregarded federal and state procurement regulations in order to award a substantial portion of grant funds from the TANF program to two specific subgrantees. These two subgrantees were granted monies under the *Families First Resource Center* portion of the TANF State Plan, which requires verification of eligibility criteria, defined as income at or below 300 percent of the Federal Poverty Level.

Executive Director JD then instructed these two subgrantees - Mississippi Community Education Center (MCEC) and Family Resource Center of North

Mississippi (FRC) - on which organizations and individuals to fund with third tier grants. During the audit, auditors asked both of the two subgrantees to provide any evidence or verification to support claims that MDHS approved transactions or instructed the subgrantees to fund certain projects. Both claimed that instructions were verbal and could not provide proof. Auditors were able to verify some transactions were approved by Executive Director JD and MDHS executive staff (both current and former) by performing a review of MDHS internal documents. It is important to note that the subgrantees signed and attested to the subgrantees' responsibility to ensure compliance with the regulations, policies, guidelines, and requirements imposed by the Federal grantor agency and MDHS. The subgrantees also signed and attested that the relationship between MDHS and the subgrantee is not one of an employer-employee relationship, and that there should not be relationship such as principal and agent; partners; joint ventures; or any other similar relationship between MDHS and the Subgrantee.

Additionally, Executive Director JD instructed MDHS staff to disregard federal regulations concerning monitoring and allowable costs to ensure that grant funds continued to flow to these subgrantees. Executive Director JD, upon accepting the position of Executive Director in January 2016, continued to fund these two subgrantees with large grants in fiscal years 2017, 2018 and 2019. JD expanded on the existing grants with TANF and also began funding MCEC and FRC with additional awards generated from the CCDF, SNAP, MVAP, and TFAP federal programs. Total amount funded to each of these two subgrantees referenced above is noted below:

Initial Awards plus/less any Modifications		
	MCEC	FRC
TANF 2019	$19,422,992	$7,500,000
TANF 2018	$18,843,072	$17,620,170
TANF 2017	$1,000,000	$12,971,208
SNAP 2019	$1,034,685	N/A
SNAP 2018	$2,615,774	N/A
CCDF 2019 (From MS Community College Board by grant from MDHS)*	$2,268,381	$2,177,483
CCDF 2018 (From MDHS directly)	$3,484,592	$500,000
SSBG 2018	$3,000,000	$3,000,000
SSBG 2017	N/A	$900,000
Other unaudited federal grants**2019	N/A	$497,987
Other unaudited federal grants**2018	$30,000	$527,987
Other unaudited federal grants** 2017	$30,000	N/A
*MCEC and FRC are second tier subgrants from MS Community College Board		
**MAVP and TFAP, included for informational purposes only.		

Both MCEC and FRC also awarded subgrants of federal monies to different programmatic groups (hereafter "second tier subgrants"). Additionally, MCEC and FRC expended federal grant funds on administrative expenses and contracts. In order to opine on the allowable costs compliance requirement, and, due to MDHS' repeated material weakness and material noncompliance findings for Subrecipient Monitoring in prior years Single Audit Reports, auditors felt obligated to review programmatic and administrative expenditures at the first tier subgrantee level due to the materiality of the grant awards.

Audit work performed at MCEC and FRC determined that federal monies had been comingled with other sources of revenue – namely fundraising revenue. Both entities utilized classification codes to identify the source of the income when paying vendors or coding expenses. However, through inquiry and analysis, auditors were able to determine that MCEC used their "MDHS Grant Fund" bank account to pay all expenses of the nonprofit – whether the expenses were federal, state or private. Additionally, when audit personnel asked for details about their record keeping, auditors were told that even though fundraising monies were deposited into the "MDHS Grant Fund" bank account, they were then transferred to their own bank accounts for proper record keeping, but all expenses were still made from the MDHS Grant Account; thereby using grant funds for all expenses whether federal, state or private.

Based on financial records of MCEC, MCEC did not maintain enough private, nongovernmental grant revenue to pay for the private expenditures made by the nonprofit (fundraising expenses, investments, profit sharing contributions, etc). Moreover, auditors were able to determine that MCEC falsified requested documents and general ledgers that were provided to the auditor. These falsified documents included contracts with artificial scopes to indicate possible adherence with TANF guidelines, forged signatures on contracts, general ledgers and expense reports with transactions removed, etc. Additionally, information provided to auditors often contradicted information that had been provided to MDHS. Finally, auditors noted that some transactions that were originally coded in the accounting software as "TANF expenditures" were changed to "Administrative expenditures" after staff from the Office of the State Auditor (OSA) inquired about TANF expenditures. Therefore, unless auditors could determine that private expenditures were paid for with 100 percent private funds, the expenditures were included in the nomenclature review of transactions.

FRC's financial records were found to be inconsistent in their treatment of different expenditures and the classification of those expenditures. Subgrant payments were coded to a variety of expense codes, and payees were coded as both vendors and "other names" in the financial records. In one instance, similar payments for a transaction were coded as "Consulting", "Contractual" and "Subsidies, Loans, and Grants". Based on information in the accounting records, FRC coded expenses based on preliminary budgetary figures and not based on actual cost categories.

The following exceptions were noted during the testwork of expenditures at the MDHS level and first tier subgrantee level. It should be noted that some recipients of funds from both MCEC and FRC were not aware that they were being awarded federal monies when granted contracts, grants, or awards. Neither MCEC or FRC provided the required federal information on any contract, grant, or award that stated the source of the funds, including the name of the Federal Program or the CFDA number. Without these required disclosures, auditors are unable to determine if contractors or second tier subgrantees of MCEC and FRC were aware of allowable cost criteria or restrictions.

All amounts questioned below are TANF funds unless otherwise noted. While this report is for fiscal year ended June 30, 2019, auditor determined that there were substantial questioned costs in prior fiscal years. When questioned costs were

discovered in prior fiscal years, that information has also been included in this report for informational reasons.

<u>Personal Benefit Contracts/Related Party Contracts</u>

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.318(c)) states no employee, officer, or agent of a grantee may participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Conflicts of interest are defined as any instance when the officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated, has a financial or other interest in or a tangible personal benefit from a firm is considered for a contract supported by federal awards.

The Code of Federal Regulations (2 cfr 200.459(a)) states that, in order to be paid as a consultant, a person must possess a special skill, and not be considered an officer or employee of the entity.

Signed subgrant agreements between MDHS and the subgrantees state in *Section XXIX – Conflict of Interest* - "Subgrantee must ensure that there exists no direct or indirect conflict of interest in the performance of the Subgrant. Subgrantee must warrant that no part of federal or state money shall be paid directly or indirectly to an employee or official of MDHS as wages, compensation or gifts in exchange for acting as an officer, agent, employee, subcontractor or consultant to the Subgrantee in connection with any work contemplated or pertaining to the Subgrant."

In *Section VI – Relationship of the Parties*, it states, "It is expressly understood and agreed that MDHS enters into this Subgrant with Subgrantee on a purchase of service basis and not on an employer-employee relationship basis. Nothing contained herein shall be deemed or construed by MDHS, the Subgrantee, or any third party as creating the relationship of principal and agent, partners, joint venturers, or any similar such relationship between MDHS and the Subgrantee. Neither the method of computation of fees or other charges, nor any other provision contained herein, nor any acts of MDHS or the Subgrantee hereunder, creates or shall be deemed to create a relationship other than the independent relationship of MDHS and the Subgrantee."

The *MDHS Subgrant/Contract Manual*, which subgrants must attest to have read and understood prior to receiving grant awards, states in Section 6, under the heading "Open and Free Competition" that "all procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with…applicable federal law. Procurement procedures shall not restrict or eliminate competition…Examples of what is considered to be restrictive of competition include, but are not limited to…noncompetitive contracts to consultants that are on retainer contracts…organizational conflicts of interest."

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following violations regarding conflicts of interest:

- MCEC awarded contracts for services to members of Executive Director JD's immediate family, including a company owned by his brother-in-law and his nephew.

  o JD's brother-in-law was initially contracted for a business lease of property in the amount of $365,000. The property was located in Brookhaven, MS and was leased for a three-year period for a sum of $88,333 annually, with a $100,000 non-refundable security deposit. The effective date of the lease was upon "completion of the building" indicating that the property was not available for use when the lease was signed (February 2, 2019). However, the lessor was paid three payments totaling $365,050 between February 5, 2019 and February 7, 2019.

    On May 2, 2019, MCEC notified the lessor that they would be terminating the lease in 60 days from the date of the letter, and would request reimbursement of any unused rental payments and that those payments should be reimbursed on August 15 and September 15, 2019. Based on inquiry with MCEC personnel and a review of MCEC financial records (as of December4, 2019) no full repayment of any funds was made.

    Questioned costs in fiscal year 2019- $365,050

  o JD's brother-in-law was contracted as the "Leadership Outreach Coordinator" for a sum of $150,000. The contract term was from June 1, 2018 to September 30, 2019. However, the total fee of the contract was paid in a lump sum on June 1, 2018.

    Questioned costs in fiscal year 2018 - $150,000

  o JD's nephew was contracted to coordinate and create a Coding Academy and Website Design program in the amount of $139,500 for the period of February 1, 2019 to January 31, 2020. A lump sum payment in the amount of $139,500 was made on February 2, 2019. Additionally, travel in conjunction with the contract in the amount of $1,309 was reimbursed.

    Questioned costs in fiscal year 2019- $140,809

  o JD's nephew was also employed by MCEC from July 16, 2018 through February 15, 2019 at a semimonthly salary of $5,000 (annualized to $120,000 annually). For the period of February 1st through 15th in 2019, he was both contracted and employed by

MCEC for an overlapping period. Gross pay for the period totaled $67,769.23.

Questioned costs in fiscal year 2019- $67,769

- FRC awarded contracts and employed the same individuals as MCEC above.

  o JD's brother-in-law was employed by FRC from July 1, 2018 to July 15, 2019. Gross pay for the period totaled $93,600. These funds were paid via the Early Childhood Academy grant funded by MDHS through the CCDF grant.

  Questioned costs for fiscal year 2019 - $93,600 (CCDF)

  o JD's nephew was also employed by FRC from October 17, 2017 through July 12, 2018. Gross pay for the period totaled $55,625. For the period of June 15th through July 12, 2018, he was both contracted and employed by FRC for an overlapping period. Additionally, travel in conjunction with the contract in the amount of $14,368 was reimbursed. While the amount of the contract was paid prior to fiscal year 2019, it is included in this report because it was discovered by auditors during the 2019 audit.

  Questioned costs in fiscal year 2018 - $63,975
  Questioned costs in fiscal year 2019 - $6,018

  o JD's nephew was contracted to coordinate and create a Coding Academy and Website Design program in the amount of $130,000 for the period of June 15, 2018 to June 14, 2019. A lump sum payment in the amount of $130,000 was made on July 16, 2018. Additionally, travel in conjunction with the contract in the amount of $14,278 was reimbursed. The travel reimbursements are often from Mississippi to New Orleans and include mileage reimbursements, hotel stays, per diem reimbursement, in room dining in addition to per diem, etc. The contract states that the contract amount should be inclusive of all fees necessary to complete the program; therefore, even if the initial contract was made at an arm's length bargaining arrangement, the travel would be questioned. Based on inquiry with personnel at FRC, the travel was needed so that JD's nephew could obtain the necessary skills to teach the coding academy.

  Questioned costs in fiscal year 2019- $144,278

- MDHS also employed JD's nephew from September 16, 2016 to October 15, 2017 at varying salaries ranging from $36,177 to $45,000. His ending salary, $45,000, was paid from TANF funds in fiscal year 2018. Due to the intertwined and familial relationship, it is necessary

to question the salary payments plus fringe. Actual salary payments plus fringe included $50,173 in FY 2017 and $19,477 in FY 2018.

Questioned costs in fiscal year 2017 - $50,173
Questioned costs in fiscal year 2018 - $19,477

Total amount paid to JD's brother-in-law – $608,650
Total amount paid to JD's nephew – $492,499

Total amount questioned in 2017 – $50,173
Total amount questioned in 2018 – $233,452
Total amount questioned in 2019 – $723,924

Total amount questioned in 2019 – $93,600 (CCDF)

Governmental Relations/Lobbyists

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.450)* states that the cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost. Additionally, paragraph (c) puts additional restrictions on nonprofit organizations, such as MCEC and FRC. Those restrictions include any costs to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure through in-kind or cash contributions, endorsements, publicity, or similar activity is unallowable. Any legislative liaison activity, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effects of legislation is also unallowable.

The Code of Federal Regulations Title 45. Public Welfare (45 cfr 93.100(a)) states that no appropriated funds may be expended by the recipient of a Federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

The *MDHS Subgrant/Contract Manual*, which subgrantees must attest to have read and understood prior to receiving grant awards, sets out and defines the regulations that subgrantrees and lower-tier subrecipients must follow, including the "*Restrictions on Lobbying – Common Rule (P.L 101-121, Section 319)."*

Internal Revenue Service Publication 4221-PC (Revised 3-2018) states "A public charity is not permitted to engage in substantial legislative activities (commonly known as lobbying). An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for purposes of proposing, supporting or opposing legislation, or

advocates the adoption or rejection of legislation…. a 501(c)(3) organization may…risk losing its tax-exempt status and/or be liable for excise taxes."

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following violations regarding Governmental Relations/Lobbying:

- MCEC entered into multiple contractual agreements with consulting firms in order to maintain governmental revenue streams or to lobby on behalf of their organization, the Families First Initiative, or MDHS. Based on a nomenclature review of the financial records, auditors were able to determine the following unallowable lobbying contracts:

  o AvantGarde Strategies was paid $21,000 in FY 2019, but no contract was provided to the auditor.
  o Inside Capital was paid $14,000 in FY 2017; $150,325 in FY 2018; and $154,000 in FY 2019 for a total of $318,325. No contract was provided to the auditor.
  o Lucas Compton was contracted by MCEC for services including sustaining federal revenue streams and bipartisan advocacy. The contract was for the period of October 1, 2017 through October 1, 2018. Actual payments included $36,000 in FY 2018 and $36,000 in FY 2019 for a total of $72,000.

  Questioned costs for fiscal year 2017 – $14,000
  Questioned costs for fiscal year 2018 – $186,325
  Questioned costs for fiscal year 2019 – $211,000

- FRC entered into a contractual agreement with Lucas Compton for $84,000 in fiscal year 2018. Auditor did not have a copy of the contract to determine the performance period of the contract.

  Questioned costs for fiscal year 2018 – $84,000

Total amount questioned in 2017 – $14,000
Total amount questioned in 2018 – $270,325
Total amount questioned in 2019 – $211,000

Consulting

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.459(a)) states that costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non- Federal entity, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal government.

The Code of Federal Regulations (2 cfr 200.318(d)) states that the subgrantee must avoid acquisition of unnecessary or duplicative items.

Signed subgrant agreements between MDHS and the subgrantees state, in *Section XI "Agreements by Subgrantee" – A. General Responsibility*, that entities currently in a contractual relationship with MDHS to provide the same or similar services are not eligible to enter into a Contract/Subcontract with the Subgrantee.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following violations regarding consultants:

- MCEC entered into multiple contractual agreements with consulting firms on behalf of their organization, the Families First Initiative, or MDHS. These consulting contracts were often for duplicative services for overlapping time periods and were for large sums of money. Additionally, auditors could find no evidence that any type of procurement regulations were followed in securing these contracts. Both MCEC and FRC indicated to auditors that former Executive Director JD instructed both subgrantees to enter into contracts with some of these individuals. Due to the excessive fees paid for these contracts and the duplicative services, auditor considers these costs to be unreasonable, and therefore questioned. Additionally, many of the expenses coded to "Consulting" in MCEC's general ledger do not appear to be for legitimate consulting services. Those expenditures will be detailed in additional sections based on the actual purpose of the purchases. Based on a nomenclature review of the financial records and a detailed review of contracts, auditors were able to determine the following questioned costs (names of private individuals will not be used due to restrictions on personally identifiable information (PII)):

  o The Stephen Group was contracted to provide strategic organizational, process and management consulting services and provide Families First with project management support surrounding the concept of generational poverty. The term of the contract was for the period of November 28, 2017 through November 27, 2018 with a renewal option for December 1, 2018 through December 1, 2019. The initial contract was not to exceed $500,000 and was to be split between MCEC and FRC. Actual payments on the contract included $74,157 in FY 2018 and $139,256 in FY 2019 for a total of $213,413.
  o Consultant 1 was contracted to perform services but no copy of the contract was made available to auditors. Payments included $34,000 in FY 2018 and $6,000 in FY 2019 for a total of $40,000.
  o Consultant 2 was paid for consulting services regarding curriculum. Payments included $97,500 in FY 2018.
  o NCC Ventures was contracted to plan and coordinate industry sector initiatives with small businesses, and to provide training regarding workforce development. Contracted amount was

$50,000. Actual payments totaled $41,667 in FY 2018; $4,167 in FY 2019 for a total of $45,834

o Institute of Project Management was contracted for services coded as consulting in the general ledger; however, no contract was provided to auditors. Payments included $45,000 in FY 2018.

Questioned costs for fiscal year 2018 – $292,324
Questioned costs for fiscal year 2019 – $149,423

- FRC entered into contractual agreements with the same consulting organizations as MCEC, as follows:

  o The Stephen Group was contracted to provide strategic organizational, process and management consulting services and provide Families First with project management support surrounding the concept of generational poverty. The term of the contract was for the period of November 28, 2017 through November 27, 2018 with a renewal option for December 1, 2018 through December 1, 2019. The initial contract was not to exceed $500,000 and was to be split between MCEC and FRC. Actual payments on the contract included $65,394 in FY 2018 and $142,053 in FY 2019 for a total of $207,447.

  o CG Consulting was contracted for $16,000 from August 2, 2018 to July 31, 2019. The scope of the project was for professional development plans, training, and evaluation plans. Actual payments of $8,000 were made in fiscal year 2019.

  o NCC Ventures was also contracted by FRC for workforce development training, but no contract was provided to auditors. Actual payments included $50,000 in FY 2018.

Questioned costs for fiscal year 2018 – $115,394
Questioned costs for fiscal year 2019 – $150,053

- MDHS also entered into a consulting contract with NCC Ventures during FY 2018 for a total of $72,900 from December 1, 2017 to May 31, 2018. The contract was paid out in equal installments of $12,150 from March 2018 to September 2018, which is four months after the contract end date. The entire contract amount of $72,900 was paid. This amount is questioned in Finding #2019-039.

Total amount questioned in 2018 – $407,718
Total amount questioned in 2019 – $299,476

Payments for Sports/Coaches/Sporting Celebrities

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403)* states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.459(a)) states that costs of professional and consultant services rendered by persons who are members of a particular

profession or possess a special skill, and who are not officers or employees of the non- Federal entity, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal government.

The Code of Federal Regulations (2 cfr 200.434(a)) states the costs of contributions and donations, including cash, property, and services from the grantee to other entities are unallowable.

The Code of Federal Regulations (2 cfr 200.469) states the costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the Federal award.

The TANF State Plan states TANF funds may be used to fund the expansion of the Families First Resource Centers. Through these centers, MDHS will advance the development, expansion and enhancement of a statewide network of community-based, prevention focused, parent resource centers that offer assistance to families. To encourage the formation and maintenance of two-parent families and reduce out of wedlock pregnancies the centers will:

- Provide early comprehensive support for parents;
- Promote the development of parenting skills;
- Promote the independence of families;
- Increase family stability;
- Improve family access to resources and opportunities for assistance;
- Focus on prevention of teenage pregnancy while supporting teen parents;
- Support the needs of families with children with disabilities; and,
- Provide a safe place for supervised children.

Families eligible for this program are not required to be TANF eligible, but must be at or below 300 percent of the Federal Poverty Level.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following violations:

- MCEC expended federal grant monies to fund multiple sports programs. MCEC could not provide any documentation supporting the correlation of these sports programs to any of the four tenets of TANF, nor did MCEC utilize any criteria to establish eligibility for these programs. Additionally, as detailed below, the auditor does not consider the costs of some of the programs reasonable or necessary to meet federal requirements.

  o Favre Enterprises was contracted to appear at several events, record promotions, and provide autographs for marketing materials from July 1, 2017 through July 31, 2018. Additional contract information provided that the contract fee would be paid in installments and would include three (3) speaking engagements, one (1) radio spot and one (1) keynote address. There was no mention of the contract price in the contract supplied to auditors.

When auditors requested further details on the performance of the contract, specifically the dates of any speaking engagements, MCEC provided a list of dates and events that fulfilled the contract terms; however, upon a cursory review of those dates, auditors were able to determine that the individual contracted did not speak nor was he present for those events. Two payments were made to Favre Enterprises – one for $500,000 in December 2017 and one for $600,000 in June 2018.

Due to the inability to verify that any work was performed in order to fulfill the contract, and due to the unreasonable amount paid, the entire payment of $1,100,000 paid in FY 2018 is questioned.

o Rick Rigsby Communications was paid $52,100 for motivational speaking in April 2019. No contract was provided to auditor; therefore, correlation to TANF cannot be verified.

o Diamond Design and Construction was paid $42,750 in FY 2019 to convert and line Field 8 for the North Jackson Youth Baseball League. The field is located next to New Summit School, the school owned and operated by the Director of MCEC (NN). According to inquiry, Field 8 was often utilized as a baseball field for New Summit Academy.

Due to the inability to verify that this work was related to TANF, including no correlation to any tenet of TANF, and due to the risk that this payment was made for the personal use of those involved with MCEC, this payment is questioned.

o North Jackson Youth Baseball was paid $65,000 in FY 2017 to rent baseball fields. MCEC stated the amounts were a donation to the organization. Auditor noted that the Programmatic Director for MCEC (SP) and the spouse of one of the principals at MCEC (JN) are currently on the Board of Directors of the baseball organization.

Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, the provision against using TANF funds for intramural student activities, and the unreasonable amount paid, these payments are questioned.

o P360 Performance Sports was contracted to allow four Jackson schools to use the baseball fields for practice and training. The schools listed in the contract are schools that operate in at-risk areas. However, based on inquiry with the vendor, these amounts also allowed for a specialty, private team (Mississippi Bombers) to use the field, thereby making at least a portion of the payments unallowable due to lack of ability to verify that the payments were for needy individuals. There was no allocation of payments to isolate the portion of the payment that would be allowable. Auditor was provided one contract for $125,000 for a six-month period in

2019; however, actual payments included $72,000 paid in FY 2018 and $146,750 in FY 2019.

Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, the provision against using TANF funds for intramural student activities, and the unreasonable amount paid, these payments are questioned.

o   Overtime Sports was paid $37,500 for a sponsorship of a college tournament in FY 2019.

Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, and the regulation noted above that sponsorships are disallowed under federal regulations, these payments are questioned.

Questioned costs for fiscal year 2017 – $65,000
Questioned costs for fiscal year 2018 – $1,172,000
Questioned costs for fiscal year 2019 – $279,100

- FRC expended federal grant monies to fund multiple sports programs. FRC could not provide any documentation supporting the correlation of these sports programs to any of the four tenets of TANF, nor did FRC utilize any criteria to establish eligibility for these programs. Additionally, as detailed below, the auditor does not consider the costs of some of the programs reasonable or necessary to meet federal requirements.

  o   Metro Area Community Empowerment Foundation (MACE) was contracted for $75,000 for conference keynotes, wheelchair sports exhibitions, motivational speaking and community events. Actual payments of $10,000 were made in FY 2018.

  Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, these payments are questioned.

  o   Bigger than Ball Foundation, Inc. was contracted to produce "Bigger than Ball Moments" by well-known coaches and to offer coaching clinics for a total of $62,500. Actual payments of $7,350 were made in FY 2018 and $4,439 were made in FY 2019 for a total of $11,789. Contracts and agreements for these payments did not offer any correlation to one of the TANF tenets or seek to verify that there was any eligibility or programmatic reason for these clinics.

  Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, these payments are questioned.

- o Retired Pro Football Players Charitable Foundation, Inc. was contracted for $75,000 to hold three (3) football camps for youth. Actual payments of $44,625 were made in FY 2018. Contracts and agreements for these payments did not offer any correlation to one of the TANF tenets or seek to verify that there was any eligibility or programmatic reason for these clinics.

  Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, these payments are questioned.

- o Northeast Mississippi Football Coaches Association was paid $30,000 in FY 2019 for a sponsorship of the NEMFCA All-Star game.

  Due to the inability to verify any correlation to TANF, including a programmatic reason for the payments, and the regulation noted above that sponsorships are disallowed under federal regulations, these payments are questioned.

  Questioned costs for fiscal year 2018 – $61,975
  Questioned costs for fiscal year 2019 – $34,439

Total amount questioned in 2017 – $65,000
Total amount questioned in 2018 – $1,233,975
Total amount questioned in 2019 – $313,539

Payments Directed by Former Executive Director

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403)* states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.318(c)) states that no employee, officer or agent of a grantee may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Conflicts of interest are defined as any instance when the officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated, has a financial or other interest in or a tangible personal benefit from a firm is considered for a contract supported by federal awards.

The Code of Federal Regulations (2 cfr 200.53(b)) states "Improper payment includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or lack of documentation prevents a reviewer from discerning whether a payment was proper."

Signed subgrant agreements between MDHS and the subgrantees state in *Section XXIX – Conflict of Interest* - "Subgrantee must ensure that there exists no direct or indirect conflict of interest in the performance of the Subgrant. Subgrantee must warrant that no part of federal or state money shall be paid directly or indirectly to an employee or official of MDHS as wages, compensation or gifts in exchange for acting as an officer, agent, employee, subcontractor or consultant to the Subgrantee in connection with any work contemplated or pertaining to the Subgrant."

Section VI – Relationship of the Parties, states "It is expressly understood and agreed that MDHS enters into this Subgrant with Subgrantee on a purchase of service basis and not on an employer-employee relationship basis. Nothing contained herein shall be deemed or construed by MDHS, the Subgrantee, or any third party as creating the relationship of principal and agent, partners, joint venturers, or any similar such relationship between MDHS and the Subgrantee. Neither the method of computation of fees or other charges, nor any other provision contained herein, nor any acts of MDHS or the Subgrantee hereunder, creates or shall be deemed to create a relationship other than the independent relationship of MDHS and the Subgrantee.

The *MDHS Subgrant/Contract Manual*, which subgrants must attest to have read and understood prior to receiving grant awards, states in Section 6, under the heading "Open and Free Competition" that "all procurement transactions shall be conducted in a manner that provides maximum open and free competition consistent with…applicable federal law. Procurement procedures shall not restrict or eliminate competition…Examples of what is considered to be restrictive of competition include, but are not limited to…noncompetitive contracts to consultants that are on retainer contracts…organizational conflicts of interest.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted both MCEC and FRC often utilized the same contractors and awarded grants to common subgrantees. In some instances, joint contracts were issued under the "Families First" name, and in other instances, contracts were issued by both entities for the same scope and time period. Based on inquiry with the subgrantees and a review of documentation at MDHS, auditors determined that former Executive Director JD often directed MCEC and FRC to award contracts and grants to certain people or organizations. Contracts to these individuals or organizations were not procured using any type of competitive procurement and were not done in accordance with regulations defined in *2 cfr Part 200*. Additional findings related to the procurement of these contacts can be found in finding #2019 - 039. Due to the known conflict of interest, and inability to determine if these contracts were reasonably priced due to lack of procurement and the lack of arms-length bargaining, these contracts and grants are questioned as described below.

- Priceless Ventures, LLC and Familiae Orientem, LLC – A joint contract between MCEC, FRC and Priceless Ventures (PV) was structured under the name of "Families First of Mississippi" from June 1, 2017 through September 30, 2017. The scope of the contract included Priceless Ventures, LLC and its owner serving as "Leadership Outreach Coordinator" for the Families First Initiative

cofounded by MCEC, FRC and MDHS. The contract was for $250,000 and was to be paid evenly by MCEC and FRC. Due to the overlapping scopes and time periods of all contracts made to PV by MCEC and FRC, auditor cannot determine which payments were made to satisfy specific contracts. The total amount paid will be summarized below.

MCEC awarded additional contracts to Priceless Ventures, LLC and its owner for leadership development and the administration of a self-help program called "Law of 16." According to "participant workbooks" created by MDHS to help administer the program, the program is a "model that is intended to help you understand - at a greater level, yourself, your values, your significance, and your potential." MCEC awarded a "leadership training" contract from October 1, 2018 to September 30, 2019 in the amount of $130,000 and a contract for the self-help program from September 1, 2017 to August 31, 2018 in the amount of $130,000. In addition, MCEC paid for conferences and advertising to promote the self-help program to individuals and other state agencies. Travel expenditures for the owner of PV were also paid by MCEC. Travel costs included first class airfare, expensive meals, luxury hotels, and entertainment costs. Conference and travel expenses are questioned in full in their respective sections in this finding. Actual payments to Priceless Ventures for MCEC totaled $500,000 in FY 2018 and $199,500 in FY 2019.

FRC also awarded contracts to PV from May 15, 2018 to September 30, 2018 in the amount of $500,000. The scope of the contract included "leadership outreach" and Law of 16 programs. Additionally, PV was awarded a contract from May 22, 2018 through September 30, 2018 from SNAP funds for "emergency food assistance." According to inquiry with individuals at FRC, no work was performed on this contract, but payment of $497,987 (SNAP funds) was made in full to fulfill contract terms. FRC also reimbursed travel expenses related to these contracts and those amounts are questioned in full in its respective section of this finding. Actual payments to Priceless Ventures for FRC totaled $1,643,820 in FY 2018 and $104,167 in FY 2019.

FRC also contracted with Familiae Orientem, LLC to conduct strategic development on a program created by MCEC, FRC, and MDHS called the "RISE Program." The $1,000,000 contract was from June 25, 2018 through June 24, 2019, and the two payments of $350,000 in June 2018 and August 2018 on the contract were made to the owner of PV, who is also an owner of Familiae Orientem. According to inquiry with personnel at FRC, these payments were to cover a program designed by Executive Director JD and the owner of PV. JD directed these payments to be made before the program had been designed, and required staff from FRC, MCEC and MDHS to attend a "Legislative Launch" and "planning session" at the Westin Hotel in June 2018. The terms of the contract stated that Familiae

would secure, at its sole expense, all personnel required to implement the agreement; however, based on documentation obtained from the planning session referenced above, the personnel designated to carry out the scope of the agreement were employees of FRC, MCEC and MDHS. Inquiry with MDHS supports FRC's claim that, shortly after program launch, JD claimed the program would be taken "in house" at MDHS and that FRC and MCEC would no longer be involved. According to personnel at MDHS, the project was later abandoned. Actual payments totaled $350,000 in FY 2018 and $350,000 in FY 2019.

Total amount paid by MCEC – $699,500
Total amount paid by FRC - $2,447,987

Above costs are questioned due to the direct involvement of MDHS personnel; thereby, violating the "Conflict of Interest" regulations in the *MDHS Subgrant Manual*. Additionally, auditor questions whether the costs are reasonable in the performance of the federal award, or whether the costs were made at arm's length bargaining. Based on documentation provided, auditor cannot verify that work defined in the scopes of these projects was completed as MDHS did not properly monitor these grants or request documentation to support payments. Documentation obtained by auditor supports that no work was performed on portions of these contracts, even though payments were made in advance. Further, both FRC and MCEC contracted the same individual for the same services over the same time period, which indicate duplicative work charged to the federal grant. Finally, contract or supporting documentation does not define population served and whether it meets TANF eligibility criteria, nor can auditor find evidence of any direct or indirect correlation to the third or fourth tenets of TANF that do not require eligibility criteria.

Questioned costs for fiscal year 2018 – $1,995,833
Questioned costs for fiscal year 2018 – $497,987 (SNAP)
Questioned costs for fiscal year 2019 – $653,667

- Heart of David Ministries (HOD) – MCEC donated $25,000 to HOD in two separate transactions. These payments were coded as a "sponsorship" and "contribution" in the accounting records, and no contract or subgrant agreement was provided to auditors. One payment of $15,000 was made in FY 2018 and one payment of $10,000 was made in FY 2019. Auditor could find no invoice or justification for these payments, nor was auditor provided any subgrant or contract to support these payments as anything other than donations.

MDHS awarded subgrants to HOD Ministries in FY 2017, 2018, and 2019. HOD Ministries mission focuses on the personal development of young men, ages thirteen through nineteen. Programmatic material for the awards is similar in design to PV, both featuring the acronym "LYFE" or "Living Your Faith Extreme." HOD is considered a faith

based organization under federal standards. Grants to faith-based organizations are allowed under TANF regulations; however, any contract or grant agreement must include conditions to implement restrictions on explicitly religious activities. Auditor could find no such conditions in the contracts or subgrantee agreements made to HOD. Additionally, these subgrants were made at the express direction of former Executive Director JD, and the son of the Executive Director of HOD was employed as a Deputy Administrator at MDHS when the initial contract to HOD was awarded.

The 2017 subgrant, from May 1, 2017 through April 30, 2018, was for $500,000; an additional subgrant, from May 1, 2017 through September 30, 2018, was for $1,500,000. The FY 2019 subgrant, from October 1, 2018 through December 31, 2019, was for $1,562,500. Actual payments were $271,349 in FY 2017; $900,000 in FY 2018 and $756,224 in FY 2019. *These costs are questioned in Finding 2019-032.*

Above costs are questioned due to the direct involvement of MDHS personnel; thereby, violating the "Conflict of Interest" regulations in the *MDHS Subgrant Manual*. Additionally, auditor questions whether the costs are reasonable in the performance of the federal award, or whether the costs were made at arm's length bargaining. Finally, while subgrant includes a needs assessment with a loose correlation to TANF, agreement does not define population served and whether it meets TANF eligibility criteria. Agreement also fails to include required certifications from a faith-based organization.

Questioned costs for fiscal year 2018 – $15,000
Questioned costs for fiscal year 2019 – $10,000

- Lobaki Foundation – A joint contract between MCEC, FRC and the Lobaki Foundation (Lobaki) was structured under the name of "Families First of Mississippi" from September 1, 2018 through August 30, 2019. The scope of the contract included forming a virtual reality academy in which students would be taught how to create and build virtual reality experiences. The initial cost of the academy was $635,000 with payments to be split evenly between MCEC and FRC. However, the entire contract sum was paid in a lump sum check by FRC in September 2018.

  MCEC entered into an additional agreement with Lobaki alone to expand the initial contract for an additional $160,000. The entire contract sum was paid in a lump sum check by MCEC in January 2019.

  Auditors were not supplied any supporting documentation for the initial contract by MCEC when requested, and reached out to the Lobaki Foundation for information. According to Lobaki, the academy was only contracted for a single two-semester course and ended at the conclusion of those semesters. According to Lobaki, 60

students graduated the academy at a cost of $13,250 per student. There was no eligibility determination made by either FRC or MCEC if the students enrolled in the academy were considered TANF eligible.

Auditors were presented with email correspondence between MDHS Deputy Executive Director of Programs (JB) and FRC in which FRC is presented with the scope for the Lobaki project. When members of FRC staff noted they had questions about the project, JB told FRC that he had spoken with Lobaki, and that there was no need to discuss the contract further. FRC was supplied a signed contract and pressed for a timeline by MDHS. Additionally, auditors were presented with an email from Executive Director JD informing Lobaki that he would instruct "Families First" to wire transfer money to the Lobaki account, and apologized the payments had been stalled.

Questioned costs for fiscal year 2019 – $795,000

- Micah's Mission School, Inc. – A joint contract between MCEC, FRC and Micah's Mission was structured under the name of "Families First of Mississippi" from August 1, 2018 through July 31, 2019. The scope of the contract only included a description of the school as an "educational mission." There was no description on what the grant funds would be utilized, and no determination on the population that would benefit. The school is a private school funded by fundraisers and tuition. The initial contract was for $150,000, with FRC covering costs in the first six months and MCEC covering costs in the second six months of the contract. Actual payments for FY 2019 included $50,910 in from FRC and $26,667 from MCEC for a total of $77,577.

Questioned costs for fiscal year 2019 – $77,577

- Victory Sports Foundation – MCEC entered into a contract with Victory Sports Foundation from October 1, 2018 through September 30, 2019 to conduct three 12-week fitness "bootcamps." The contract amount was for $1,394,831 and included fitness programs in three separate counties. According to the supplied budget for the program, the contract fee was to pay for the staff/coaches of Victory Sports, a program design fee, equipment, onsite nurse, a $70,000 vehicle purchase, $20,000 trailer purchase, marketing and various other costs to administer the program. The materials provided did not indicate that any fees would be charged to participants in the program. However, review of documents received from Victory Sports indicated that participants in the fitness camps paid a fee to attend, and that no eligibility determination was made to verify participants were TANF eligible or needy. Additionally, the fitness program was offered to members of the Mississippi Legislature, other elected officials, and other political staffers for no charge. Auditor could see no evidence that participants of the program were aware that it was funded in part by federal grant monies. Actual payments included $1,309,183 in FY 2019.

Questioned costs for fiscal year 2019 – $1,309,183

- Fitness Program – FRC entered into a contract with an individual in order to assess and make recommendations concerning physical health and fitness components of Families Resource Centers of North Mississippi. The contract scope also included assessing and making recommendations for "growing feeding capacity in association with the Rise program" in conjunction with Familiae noted above. Auditor was not presented with a copy of the contract, but was provided the scope of the contract. The scope was emailed to FRC from Executive Director JD in June 2018. Actual payments on the contract totaled one lump sum payment of $100,000 on June 26, 2018.

  These costs are questioned due to the direct involvement of MDHS personnel; thereby, violating the "Conflict of Interest" regulations in the *MDHS Subgrant Manual*. Additionally, auditor questions whether the costs are reasonable in the performance of the federal award, or whether the costs were made at arm's length bargaining. Finally, contract or supporting documentation does not define population served and whether it meets TANF eligibility criteria, nor can auditor find evidence of any direct or indirect correlation to the third or fourth tenets of TANF that do not require eligibility criteria.

Questioned costs for fiscal year 2018 - $100,000

- SBGI, LLC – SBGI was contracted by FRC from August 1, 2017 to July 31, 2018 to develop a "Center of Excellence" for Mississippi. The contract states that the Center will support and empower youth, whole families and veterans by aligning, optimizing and best leveraging existing programs, resources, initiatives and facilities to deliver the greatest outcomes and impact for individuals across Mississippi. The entire contracted amount of $250,000 was paid in one lump sum advance payment on August 28, 2017. Based on inquiry from FRC, this project was never completed. According to email correspondence from MDHS, the principal of SBGI was also contracted to perform services for Heart of David.

  These costs are questioned due to the direct involvement of MDHS personnel; thereby, violating the "Conflict of Interest" regulations in the *MDHS Subgrant Manual*. Additionally, auditor questions whether the costs are reasonable in the performance of the federal award, or whether the costs were made at arm's length bargaining. Total contract fee was also paid in advance, and there is not supporting documentation to support that work was actually performed or completed on this project. FRC did not provide any documentation to support this payment other than the contract. Finally, contract or supporting documentation does not define population served and whether it meets TANF eligibility criteria, nor can auditor find evidence of any direct or indirect correlation to the third or fourth tenets of TANF that do not require eligibility criteria.

Questioned costs for fiscal year 2018 - $250,000

- Restore2/Recover2 – MDHS entered into a contract with Recover2, LLC from December 10, 2018 to June 9, 2019 for opioid training for MDHS employees. Recover2 is not registered as a business with the Mississippi Secretary of State; however, Restore2 is a registered business. All payments on the contract were made to Restore2, but the contract was for Recover2. Auditors concluded the contract contains a typographical error; however, it should be noted that contracts with businesses that are not properly registered, even if result of a typographical error, could not be considered legitimate contracts in the State of Mississippi.

  The contract amount was for $48,000 and included 24 "sessions" of opioid training over the six-month period. The entire contracted amount was paid from January 2019 through March 2019. Documents provided to auditors and investigators at the Office of the State Auditor revealed that the opioid trainings did not actually occur, and in fact, the principal of Restore2 who supposedly conducted the trainings was in a luxury rehabilitation facility in Malibu, CA at the time of the contract – see additional questioned costs below related to the payment of these services by MCEC. Evidence to support the payments on the contract (invoices, sign in sheets, etc.) was manufactured by individuals at MDHS. These payments were made at the direction of Executive Director JD - who visited the rehabilitation facility during the contract period, was aware the trainings did not take place, and was involved in a conspiracy to circumvent controls regarding these payments.

  These costs are questioned due to the fraudulent nature of the contract and the documentation that was fabricated to justify the payments. Personnel at MDHS willfully and deliberately circumvented existing controls in order to secure this contract and to assist in creating fraudulent documents to ensure payment of the contract. It should be noted that other MDHS employees reported suspicions about this individual's contract to those charged with governance, who then alerted OSA to the possibility of fraud. OSA's Investigative Division began an investigation immediately after the suspected fraud was disclosed. On February 5, 2020, Special Agents from OSA arrested Executive Director JD, the owner and Director of MCEC (NN), the Assistant Executive Director of MCEC (ZN), the accountant for MCEC (AM), the owner of Restore2 (BD), and another former employee of MDHS in connection with payments made to Restore2 and other payments made by MCEC (those payments are reflected in the section "Personal Benefit" below). Additionally, travel connected with these payments has been questioned under the section "Travel" and payments to the luxury rehabilitation center have been questioned below.

  $48,000 in costs are questioned in Finding 2019-032

- Rise in Malibu – Rise in Malibu (Rise) is a luxury rehabilitation clinic located in Malibu, CA. The cost of the rehabilitation is $40,000 monthly, which includes the cost of treatment, room, and basic needs. The owner of Restore2 (BD), who was a former employee of MDHS, and Executive Director JD conspired to send BD to the facility for a four- month treatment due to his addiction to narcotics. While there, BD was under contract to conduct opioid addiction training classes to MDHS staff, as well as employed by MCEC.

  Executive Director JD and MCEC also conspired to use TANF funds to pay for BD's stay at Rise. Personnel from MCEC wired four payments to Rise over a five-month period (February – June) of $40,000 each. MCEC coded this transaction to "curriculum" and named the facility "Rise-Malibu Training" in their financial records. After OSA began inquiring about the use of TANF funds in July 2019, the transactions were re-coded in the system to "consulting" and assigned "Bingo" (MCEC's private income source) as to the source of funds. Regardless of the change in the system, TANF funds were used to fund the luxury rehabilitation center.

  Due to the personal nature of these expenses, the lack of any correlation to TANF purpose or eligibility criteria, the lack of reasonableness and the fraudulent nature of these expenditures, the $160,000 paid to Rise is questioned.

  Executive Director JD, BD, MCEC's Director (NN), and MCEC's Assistant Executive Director (ZN) have been indicted and charged with this alleged fraud and embezzlement.

  Questioned costs for fiscal year 2019 - $160,000

Total amount questioned in 2018 – $2,858,820
Total amount questioned in 2019 – $3,005,427

Curriculum

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403)* states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.445(a)) states costs of goods or services for personal use of the entity's employees are unallowable regardless of whether the cost is reported as taxable income of the employees.

The Office of Family Assistance produced *TANF-ACF-PI-2005-1 (Funding Childhood Education, School Readiness, Kindergarten, and Other Public Education Programs*, published on April 14, 2005, clarifies the use of funds for educational programs. Per the guide, "public education is a State responsibility; therefore, States may not use Federal TANF for any educational activity that is a component of the State's system of free public schools. By charging the Federal

government for any part of these costs, the State would be passing on to the TANF program the costs of the State's public education system…This prohibition applies regardless of the adequacy of funding for general public education from other sources."

Title XX of the *Social Security Act* establishes the Social Services Block Grant (SSBG). Services funded by SSBG must be directed at one or more of five (5) broad statutory goals:

1) Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
2) Achieving or maintaining self-sufficiency
3) Preventing or remedying neglect, abuse, or exploitations of children and adults unable to protect their own interest or preserving, rehabilitating, or reuniting families;
4) Preventing or reducing inappropriate institutional care by providing for community based care, home-based care, or other forms of less intensive care; and
5) Securing referral or admission for institutional care when other forms of care are not appropriate.

The Office of Social Services Block Grant (SSBG) State Plan specifies that SSBG funds will be utilized by the MDHS Division of Aging and Adult Services and the MDHS Division of Youth Services. The State Plan specifies that a person is eligible for SSBG funds only if they meet income eligibility criteria, and have an identifiable need, unless the services are mandated services of serving children in the custody and guardianship of the Department of Child Protective Services.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following questioned costs:

- ActiveEd, Inc. – A joint Memorandum of Understanding (MOU) between MCEC, FRC and ActiveEd was structured under the name of "Families First of Mississippi" from July 1, 2018 through June 30, 2019. The purpose of the MOU was to order a pilot program of kinesthetic learning using physical activity to teach Math, English/Language Arts, and Literacy standards from pre-kindergarten through second grade. The pilot program was designed for schools or early childhood learning centers. The initial contract was for $250,000, with FRC and MCEC equally dividing the cost of the program. Actual payments for FY 2019 included one payment of $125,000 from MCEC in July 2018 and one payment of $125,000 from FRC in August 2018.

  Due to the inability to verify any stated correlation to TANF, supporting documentation about the program, and the regulation noted above that TANF money cannot supplant State's educational responsibilities, these payments are questioned.

  Questioned costs for fiscal year 2019 - $250,000

- Houghton Mifflin Harcourt – MCEC purchased $117,703 of "curriculum" from Houghton Mifflin Harcourt during fiscal year 2019. The funds were coded to "Curriculum Expense" in the general ledger, and the majority ($111,262) were paid with SSBG funds with the remaining $6,441 paid with TANF funds. MCEC's SSBG grant request specifies an expense of $200,000 for "Curriculum and Supplies"; however, a review of actual invoices indicated that the curriculum purchased was used for the private school associated with MCEC, and not for the community at large.

  Due to the inability to verify that the goods and services purchased were used to meet grant requirements, the lack of documentation to verify an identifiable need or income eligibility, and the suspicion that the goods and services were converted to personal use by MCEC, these costs are questioned.

  Questioned costs for fiscal year 2019 – $111,262 (SSBG)
  Questioned costs for fiscal year 2019 – $6,441 (TANF)

- Edmentum, Inc. – MCEC purchased $133,016 of "curriculum" from Edmentum during fiscal year 2019. The funds were coded to "Curriculum Expense" in the general ledger. Payments are for a digital curriculum and a "response to intervention" program for 1,500 students over a three-year time span. The payments are divided into 5 payments, the first and second payment each for $66,508. Only two payments were made as of June 30, 2019. Auditor could not verify that purchases were made for curriculum for the community at large and not the private school associated with MCEC.

  Due to the inability to verify that the goods and services purchased were used to meet grant requirements, the prohibition against supplanting State educational responsibilities with TANF funds, and the suspicion that the goods and services were converted to personal use by MCEC, these costs are questioned.

  Questioned costs for fiscal year 2019 - $133,016

Total amount questioned in 2019 – $500,719

Donations/Gifts/Sponsorships

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.434(a)) states the costs of contributions and donations, including cash, property, and services from the grantee to other entities are unallowable.

The Code of Federal Regulations (2 cfr 200.469) states the costs of intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided in the Federal award.

The Code of Federal Regulations (2 cfr 200.403(e)) states that in order for costs to be allowable under federal awards, they must be determined in accordance with generally accepted accounting principles (GAAP).

GAAP includes the concept of "substance over form." The substance over form concept means that the transactions recorded in the underlying financial records must reflect their economic substance rather than their legal form.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following questioned costs:

- University of Southern Mississippi Athletic Foundation - In October 2017, MCEC signed a "sublease" with the University of Southern Mississippi Athletic Foundation for $5,000,000 as "lease prepayments" for rental of a multi-purpose wellness center on the University's campus. The lease's term was for a five-year period from October 26, 2017 until July 31, 2022. At the time of the signing of the lease, the building had not yet been built, and the lease stated that the $5,000,000 was to fund certain additions, alterations and renovations to the new Wellness Center. The lease stated that MCEC would be permitted to use other University property in lieu of the Wellness Center until its construction was completed. The lease from the Athletic Foundation was then transferred to the University of Southern Mississippi (USM). The transfer of the lease was approved by the Institutes of Higher Learning (IHL) Board in their October 2017 Board Meeting. A review of the minutes of that Board Meeting state that the funding for the sublease between MCEC and the Athletic Foundation is from funding "via a Block Grant from the Mississippi Department of Human Services."

  The facility was completed in December 2019, with USM expected to begin to utilize the space in January 2020. Auditors inquired of USM officials if MCEC utilized other University property, as described in the lease. According to USM's records, MCEC utilized the Reed Green Coliseum one time for a Healthy Teens Rally on October 18, 2018. It is important to note that during the time of the "lease" to the Athletic Foundation, the Director of MCEC (NN) served as a Board Member to the Athletic Foundation.

  The $5,000,000 was paid to USM Athletic Foundation in two equal installments of $2,500,000 on November 6, 2017 and December 5, 2017.

  When the lease from USM Athletic Foundation was viewed under scrutiny, auditors determined that the substance of the $5,000,000 payment to USM is a donation to the USM Athletic Foundation for the construction of the Wellness Center and not a lease of the property.

The property was leased almost three years before its construction was completed; the rent was prepaid in order to build the space; any additional use of the property was limited to one occurrence in a three-year period; and the revenue did not appear to be classified as rental revenue on the USM Athletic Foundation form 990 (non-profit tax return).

Questioned costs for fiscal year 2018 - $5,000,000

- American Heart Association – MCEC funded various programs and initiatives of the American Heart Association through donations and sponsorships. The American Heart Association did not sign subgrantee agreements and was not considered a contractor of MCEC. Therefore, no reporting on the use of the funds was requested or required. Actual payments included $35,000 in FY 2017; $36,500 in FY 2018; and $24,000 in FY 2019 for a total of $95,500. As donations and sponsorships are prohibited as an allowable cost, the payments are questioned.

  Questioned costs for fiscal year 2017 - $35,000
  Questioned costs for fiscal year 2018 - $36,500
  Questioned costs for fiscal year 2019 - $24,000

- The Library Foundation of Madison – MCEC donated $35,000 for a bookmobile/digital lab project in Madison County in June 2018. Supporting documentation for the transaction consists of a donor form wherein MCEC requested recognition on an engraved foundation stone in exchange for the donation. As donations and sponsorships are prohibited as an allowable cost, the payments are questioned.

  Questioned costs for fiscal year 2018 - $35,000

- Fannin Fabrication Company/Mississippi State Highway Patrol (MS Hwy Patrol) – MCEC contracted and paid Fannin Fabrication Company $28,186 to build a "Rollover Simulator." Total cost was paid in two equal installments of $14,093, one payment in FY 2018 and the second in FY 2019. The simulator was then donated to the MS Hwy Patrol. Inventory records from the MS Hwy Patrol verify that the two simulators are owned by the Patrol, and that one was donated. As donations and sponsorships are prohibited as an allowable cost, the payments are questioned.

  Questioned costs for fiscal year 2018 - $14,093
  Questioned costs for fiscal year 2019 - $14,093

- Mississippi Military Family Relief Fund – MCEC donated $10,000 to the fund in FY 2019. The transaction is coded to "Benevolence" in the general ledger. The fund did not sign subgrantee agreements, and was not considered a contractor of MCEC. Therefore, no reporting on the use of the funds was requested or required. Actual payments included

$10,000 in FY 2019. As donations and sponsorships are prohibited as an allowable cost, the payment is questioned.

Questioned costs for fiscal year 2019 - $10,000

- Financial records of MCEC show that on December 7, 2018 a $3,000 check was written to the bookkeeper of MCEC using TANF funds. The payee in the financial records is left blank, and the copy of the cashed check shows the payee as the bookkeeper. The check was coded to "Seminars and Continuing Education" in the general ledger. However, check stub contains hand written note that $3,000 cash was given to Executive Director JD. Auditor was unable to verify the purpose of the $3,000 payment; therefore, the amount is questioned.

Questioned costs for fiscal year 2019 - $3,000

- MCEC paid $38,737 in small donations/sponsorships to various Booster Clubs, races, foundations, student activity clubs, etc. during FY 2019. As donations and sponsorships are prohibited as allowable costs, these payments are questioned. Amounts paid over $1,000 are detailed below:
  o Speaker for Hattiesburg Rally $1,250
  o Murrah High School – Sound of Perfection Band - $1,000
  o Greater Pine Belt Community Foundation – Full time tutors - $13,200
  o Papa John's Pizza of South MS – Parade Float - $2,500
  o Canton Educational Foundation – $7,000
  o Junior League of Jackson – Touch A Truck - $2,500
  o National Guard Association of Mississippi – ½ of sponsorship - $2,500
  o National Strategic Planning and Analysis Research Center – sponsorship of Cybernetic City - $2,500

Questioned costs for fiscal year 2019 - $38,737

- FRC paid $16,680 in small donations/sponsorships to various Booster Clubs, pageants, student activity clubs during FY 2019. These payments are classified as "sponsorships" in the general ledger. As donations and sponsorships are prohibited as an allowable cost, these payments are questioned. Amounts paid over $1,000 are detailed below:
  o Tupelo High School Cross Country Booster Club – timing chips and readers - $5,350
  o Baldwyn Baseball – sponsorship - $5,000
  o Mississippi Municipal League – sponsorship - $1,000
  o Child Advocacy Center – sponsorship - $2,000
  o Baldwyn High School Cheerleaders – sponsorship - $1,000
  o Johnie E. Cooks Foundation Initiative – sponsorship - $1,000

Questioned costs for fiscal year 2019 - $16,680

Total amount questioned in 2017 – $35,000
Total amount questioned in 2018 – $5,085,593
Total amount questioned in 2019 – $106,510

Publications

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.400 (g)) states that entities may not earn or keep any profit resulting from federal financial assistance, unless explicitly authorized by the terms and conditions of the award.

The Child Care and Development Block Grant Act (CCDBG) authorized CCDF funds to be spent to achieve one of the following goals:
1) Protect the health and safety of children in child care,
2) Promote continuity of access to subsidy for low-income families,
3) Better inform parents and the general public about the child care choices available to them, and
4) Improve the overall quality of early learning and afterschool programs.

Participants in the CCDF program and recipients of the benefits must meet defined eligibility criteria based on income and need.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following questioned costs:

- Bay View Funding/M&W Publishing (Bay View) – MCEC entered into a four-year commitment with Bay View to purchase copies of the book "Professional Grammar Simplified" in order to market and sell the book to organizations to whom MCEC was affiliated. The books were sold wholesale to MCEC, with the intent to resell for a profit. During the commitment, MCEC and M&W Publishing entered into a legal dispute. The dispute was settled in mediation, and MCEC returned any unsold publication inventory to M&W Publishing. Actual payments on the agreement totaled $905,000 in FY 2019.

  Due to the unreasonable nature of the expenditure, the intent to profit from the sale of the book in violation of Program Income regulations, and the lack of any direct correlation to TANF, these funds are questioned. Additionally, any legal fees paid in relation to these questioned costs are also questioned. Legal fees were paid to two separate law firms (Bradley Arant and Watkins & Eager) in the amount of $10,212 in FY 2019.

  Questioned costs for fiscal year 2019 – $915,212

- *Eli's Christmas* – MCEC purchased 2,600 copies of the children's book in January 2019 using funds from the Mississippi Community College Board (MCCB) grant. These funds were pass-through CCDF funds through MDHS. MDHS and MCCB had a Memorandum of Agreement (MOA) to establish an Early Childhood Academy (ECA) at participating community colleges. The purpose of the ECA was to focus on preparing practitioners and parents to ensure children are prepared for successful transition from Pre-K to K-12. The MOA specifies that the ECA will provide professional development, technical assistance and coaching for practitioners and assist with Resource and Referral (R&R) Network offices around the state. R&R offices serve to facilitate the referral of parents and providers, and to assist members of the public for purposes of referral to an appropriate agency/entity for resources. Additionally, the scope of the agreement between MCEC and MCCB states that the work is to provide coaching, training, professional development, etc. The scope does not include any reference to providing materials to eligible children.

  The author of the children's book is also related to the principal and owner of Restore2, LLC. Due to the relationship of Executive Director JD, the owner of Restore2 (BD) and the principals of MCEC, auditor cannot verify purchase was made at arm's length bargaining or in good faith.

  Additionally, the scope of the projects does not include providing books to children, nor do the agreements make any correlation to the eligibility requirements of CCDF. Actual payments for the book totaled $44,964 in FY 2019.

  Questioned costs for fiscal year 2019 – $44,964 (CCDF)

Total amount questioned in 2019 – $960,176

Purchases of Real Property/Construction/Assets

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.311(c)) states that real property that is purchased using federal funds must be used for as long as it is needed for the original purpose, and that the entity must not dispose or encumber its title or other interests. Further, when property is to be disposed, the entity must obtain disposition instructions from the federal awarding entity or pass through entity, and must provide for one of the following: Entity may
1) Retain title after compensating the federal awarding agency,
2) Sell the property and compensate the federal awarding agency, or
3) Transfer title to the federal awarding agency or an approve third party.

The Code of Federal Regulations (2 cfr 200.439 (b)) states, "The following rules of allowability must apply to equipment and other capital expenditures: (1) Capital

expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass- through entity. (2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. (3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity."

Decision of the Comptroller General of the United States, 42 Comp. Gen. 480 (1960) reiterates that a State may not use TANF funds to construct or purchase buildings, or facilities or to purchase real estate. Additionally, the guide "*Q&A: Use of Funds, TANF Program Policy Questions and Answers*" produced by the Office of Family Assistance states that this prohibition also applies to grantees and subrecipients including counties, nonprofit agencies, and contractors.

The *MDHS Subgrant/Contract Manual* states in *Section 7*, that "all property and assets purchased through MDHS subgrants shall be placed on inventory in accordance with the statutes of the State of Mississippi and the rules set forth in the State Property Officers Manual."

Additionally, the manual states that all equipment purchased with subgrant monies must be specifically authorized through the Cost Summary and Budget Narrative portions of the subgrant agreement, and that any deviation requires a formal modification of the subgrant. The manual also states that any means of acquiring property shall be reviewed before any authorization by MDHS is given.

Regarding property inventory, the manual details the following property inventory regulations:

Cameras, Televisions, Computers – Any item $250 or over should be reported to MDHS on an Inventory Control Sheet, listed on MDHS inventory, and marked with a "Property of MDHS Sticker"

Weapons, Two-Way Radios Equipment, Lawn Maintenance Equipment, Cellular Telephones, Chain Saws, Air Compressors, Welding Machines, Generators, Motorized Vehicles – Must be reported to MDHS on an Inventory Control Sheet, listed on MDHS inventory, and marked with a "Property of MDHS sticker" regardless of price.

All other items purchased for over $1,000 with a useful life of over one year - Must be reported to MDHS on an Inventory Control Sheet, listed on MDHS inventory, and marked with a "Property of MDHS sticker"

MDHS is responsible for conducting a periodic physical inventory of each subgrantee at least twice yearly, using the inventory control list submitted to MDHS. The manual also states that any property or equipment that is not being utilized or managed under the terms of the subgrant agreement and manual shall be recovered and redistributed. Lastly, the manual states that if a subgrant is terminated or not renewed, any equipment purchased under the subgrant with public

funds or MDHS funds shall neither be transferred to another location nor remain at the present location under a new subgrant without prior written approval of the MDHS Executive Director, and that MDHS has the authority to recover the value of any missing property via demand on the head of the subgrantee agency, property officer or employee.

Exceptions/Questioned Costs: Auditor initially used sampling techniques to audit equipment purchased with grant funds; however, the inadequate level of record keeping and incomplete inventory logs required additional procedures. In addition, due to the high risk of fraud, waste, and abuse assigned to subgrantees based on initial testwork, further types of auditing methodology were used. The results below encompass questioned costs under each testing method.

During testwork for activities allowed and allowable costs, the auditor noted the following:

- MD Foundation – MCEC entered into an agreement with MD Foundation for a sum of $371,000 on January 1, 2018 for "Equine Assisted Learning" and "Equine Assisted Activities". The agreement does not have an expiration date and does not specify who the services will benefit, other than to state that individuals with mental or emotional disabilities benefit from equine training overall. On February 26, 2018, the owner of MD Foundation was paid $171,000. The transaction is classified as "Rent" in the underlying accounting records. Auditor was provided a general ledger by MCEC; however, that showed this payment coded to "Contractual Services" indicating that MCEC edited the general ledgers before supplying them to auditors. In both instances of recordkeeping, the payment was made from TANF funds.

  On April 13, 2018, MD Foundation purchased a residence with acreage in Flora, MS for a purchase price of $855,000. The loan amount for the purchase was for $684,000, $171,000 less than the purchase price. A down payment of $169,096 was made on the residence. Based on observation and inquiry, the residence appears to be the personal residence of the Director and Owner of MD Foundation.

  MCEC paid an additional $200,000 directly to the bank that holds the note on the residence, and, on June 1, 2018, the residence was refinanced for a total of $484,895. The check is coded to "Consulting" in the general ledger. This payment was also made from TANF funds.

  MCEC also guaranteed the residence through the bank with a six-year lease from April 1, 2018 through March 31, 2024. The lease was for the property in Flora purchased by MD Foundation and included $684,000 in lease payments at $9,500 monthly. The purpose of the lease was to operate a "multi use facility" at the residence. According to information in the Guaranty, the MCEC Board of Directors approved the Guaranty at a Board Meeting held on April 13, 2018. The Guaranty was signed by the Director of MCEC. Auditors could

find no record of a Board Meeting held on that date during a review of the Board Minutes of MCEC and found no record of the Board Members approving a Guaranty in any provided Minutes. Additionally, MCEC later confirmed to auditor that no meeting was held on April 13, 2018. The Director of MCEC (NN) also personally guaranteed the loan of the residence.

When auditors inquired of MCEC about payments made to MD Foundation and any payments made on the property in Flora, personnel at MCEC did not provide consistent answers. Initially, the Director of MCEC (NN) told auditors in November 2019 that MCEC had given MD Foundation a subgrant for equine learning, mentoring, and youth development activities, and that they had made only one payment of $171,000 to the foundation. In March 2020, Auditors then inquired about payments to MD Foundation again and were told on March 27, 2020 that MD Foundation was paid $171,000 for equine learning. They were also told MCEC had no involvement with the residence in Flora and that no payments were ever made on the $684,000 lease used to guarantee the property. MCEC stated that the loan was to be modified in July 2018 to remove the guarantee. On March 31, 2020, MCEC stated that they contracted MD Foundation in January 2018 for $371,000 for programmatic services and that a lease was executed in February 2018 for $9,500 monthly payments and that MCEC paid $200,000 directly to the Bank for lease payments. MCEC stated that MD Foundation began programmatic services in April 2018, and that the lease terminated December 31, 2019.

Based on information provided over the course of the audit, MCEC asserts it paid $171,000 for equine learning services in February 2018 to be held on property that was not yet owned by MD Foundation. This payment was made in a lump sum advance, and services did not commence until April 2018. Additionally, MCEC paid $200,000 in lump sum, advance rental payments in order to lease the same property for use as a multi-use building. Based on fact patterns and documents reviewed, auditors believe that the initial payment of $171,000 was used by MD Foundation to secure the residence at the closing of the initial loan. MCEC and MD Foundation then refinanced the residence, and MCEC contributed another $200,000 to the purchase of the residence; thereby, using $371,000 of TANF funds to secure a personal, private residence for the Director and Owner of MD Foundation.

It should be noted that the Director and Owner of MD Foundation was also employed by MCEC from July 17, 2017 until September 30, 2019 at an ending annual salary of $130,000. MCEC stated that he was employed as a "community liaison" during this time. MCEC paid $198,846 in salary payments and fringe benefits during this time period. Refer to "Salaries" section of this finding for the amount questioned for these salary payments.

MD Foundation was also paid $3,100 in travel reimbursements in FY 2018 and payments of $2,700 for "loans" in FY 2019.

Due to the prohibition against using federal funds for personal use, the prohibition of purchasing real property with TANF funds, and the unreasonableness of these purchases, the payments to MD Foundation are questioned in full.

Questioned costs for fiscal year 2018 – $374,100
Questioned costs for fiscal year 2019 – $2,700

- MCEC paid a contractor $134,880 in FY 2019 to demolish and renovate space at the North State Families First location. Due to the prohibition of using TANF funds to renovate real property, these purchases are questioned.

   Questioned costs for fiscal year 2019 – $134,880

- Both MCEC and FRC purchased items that meet the thresholds in the MDHS Subgrantee Manual for inclusion on the "Physical Property Inventory" and did not report these items to MDHS, as required by subgrant requirements. These items included cell phones, televisions, equipment, etc. Since the items were never reported to MDHS, they were not listed on the Inventory Control Sheets and were not properly examined in a physical inventory of MDHS. Auditor attempted to examine physical property inventory at both locations. Inventory could not be verified at MCEC due to inadequate tracking and lack of identifiable information on assets and invoices, i.e. serial numbers. Property inventory was able to be verified at FRC due to adequate tracking and property listings.

- MCEC purchased three vehicles using MDHS grants funds –
   o 2018 Armada for $52,257 in October 2018 – While the vehicle is registered to MCEC, the address for the purchase of the tag is the residence of the Director of MCEC (NN) indicating personal use of the vehicle.
   o Big Country Silverado Chevrolet Truck for $59,840 in September 2017 – While the vehicle is registered to MCEC, the address for the purchase of the tag is the residence of Assistant Executive Director of MCEC (ZN) indicating personal use of the vehicle.
   o F250 Ford Truck for $54,221 in November 2018 – While the vehicle is registered to MCEC, the address for the purchase of the tag is the residence of Director of MCEC's son (JN), indicating personal use of the vehicle. This individual is not employed by MCEC.
   o MCEC also paid $6,584 in for maintenance contracts, repairs, and other costs associated with the vehicles in FY 2019.

Through inquiry and observation, auditor determined these vehicles were treated as the primary vehicles for the Director of MCEC (NN),

the Assistant Executive Director of MCEC (ZN) and the son of the Director of MCEC (JN). Due to the vehicles personal use, lack of any discernable allocation of the costs of the vehicles based on use, the reasonableness of purchase, and the lack of adherence to policies as described in the subgrant manual, these costs are questioned in full.

Questioned costs for fiscal year 2018 – $59,840
Questioned costs for fiscal year 2019 – $113,062

- Out of eight items of equipment purchases sampled at FRC, auditor noted:
  o Purchase of two vehicles, one for $50,415 and one for $27,749. The vehicles were purchased with entirely TANF funds. Auditor verified that vehicles were not used only for TANF purposes and that they were sometimes used for personal use.
  o Purchase of $27,093 in computer equipment. The equipment was purchased with MDHS grant funds.
  o Purchase of networking equipment for a total of $8,055. The equipment was purchased with MDHS grant funds.
  o Purchase of an air conditioning unit for $2,798, which is classified as "real property" under the federal grant.

Due to improper allocation of costs and no appropriate underlying allocation methodology, and lack of adherence to the policies as described in the subgrant manual, the costs are questioned. Due to the auditor's inability to calculate proper allocation due to insufficient documentation, the cost is questioned in full.

Questioned costs for fiscal year 2019 – $116,110

- Out of 100 items of equipment purchases sampled at MCEC, auditor noted:
  o Nine (9) items for a total of $2,334 in which MCEC could not provide documentation to support the expenditure.
  o Six (6) items for a total of $924 in which auditor could not find any correlation to the objectives of the TANF program for the equipment purchase.
  o Eighty-four (84) items for a total of $31,758 in which auditor could not determine item was used exclusively for the TANF program and/or what percentage of the items' use was appropriate, reasonable and necessary for the TANF program.

Due to lack of supporting documentation, improper allocation of costs and no appropriate underlying allocation methodology, and lack of adherence to the policies as described in the subgrant manual, the costs are questioned. Due to the auditor's inability to calculate proper allocation due to insufficient documentation, the cost is questioned in full.

Questioned costs for fiscal year 2019 – $35,016

Total amount questioned in 2018 – $433,940
Total amount questioned in 2019 – $401,768

Faith-Based Initiatives/Concerts

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (45 cfr 260.34(c)) states, "No Federal TANF or State MOE funds provided directly to participating organizations may be expended for inherently religious activities, such as worship, religious instruction, or proselytization. If an organization conducts such activities, it must offer them separately, in time or location, from the programs or services for which it receives direct Federal TANF or State MOE funds under this part, and participation must be voluntary for the beneficiaries of those programs or services."

The Code of Federal Regulations (2 cfr 200.438) states, "Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency."

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following:

- Under the "Families First" initiative, both MCEC and FRC funded concerts of a faith-based, evangelical worship singer in FY 2018 and FY 2019. Payments were made to the singer individually and the organization "Through The Fire Ministries". The singer performed at rallies and performed concerts in churches in Mississippi. Auditors did not have a copy of the contracts associated with the payments. Actual payments included $1,050 paid in FY 2018 by FRC and $180,350 in FY 2019 ($85,400 paid by MCEC and $94,950 paid by FRC).

   MCEC also expended $3,783 in identifiable expenditures in conjunction with the concerts, including paying for meals, security, and an opening choir performance.

   Due to the prohibition against paying for entertainment costs of inherently religious activities such as worship, the lack of any correlation to TANF purpose, and the unreasonableness of the cost, these costs are questioned.

   Questioned costs for fiscal year 2018 – $1,050
   Questioned costs for fiscal year 2019 – $184,133

- MCEC contracted with Sonshine Leadership, LLC to develop faith-based coalitions. One of the stated activities of the agreement was to "develop a prayer team for Mayors" and to receive and connect prayer requests to faith-based coalitions. Due to lack of supporting documentation, auditor cannot verify that work performed under the contract could not be categorized as "inherently religious" and therefore, the costs are questioned.

Questioned costs for fiscal year 2019 – $61,826

Total amount questioned in 2018 – $1,050
Total amount questioned in 2019 – $245,959

Marketing/Branding/Advertising/Promotional Materials

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.438(b))) states, in part, "the only allowable advertising costs are those which are solely for…program outreach and other specific purposes necessary to meet the requirements of the federal award."

The Code of Federal Regulations (2 cfr 200.438(d))) states, in part, "the only allowable public relations costs are costs specifically required by the federal award, costs of communicating with the public and press pertaining to specific activities or accomplishments which result from the performance of the federal award, and costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc."

The Code of Federal Regulations (2 cfr 200.438(e))) states, in part, "Unallowable advertising and public relations costs include the following: (1) All advertising and public relations costs other than as specified in paragraphs (b) and (d); (2) Costs of meetings, conventions, convocations, or other activities of the entity including costs of displays, demonstrations and exhibits; costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations and providing briefings. (3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs; (4) Costs of advertising and public relations designed solely to promote the non-federal entity.

The Code of Federal Regulations (2 cfr 200.422) states, "Costs incurred by advisory councils or committees are unallowable unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards."

The *MDHS Subgrant Agreement* states in Section 9, under the heading "Compliance with Laws, Rules and Regulations" that any advertisements, brochures, flyers or produces any other material, printed or otherwise, relating to, or promoting, the services which is provided through the subgrant, it shall acknowledge that MDHS provided funding for the services.

Exceptions/Questioned Costs: During testwork for activities allowed and allowable costs, the auditor noted the following:

- Under the "Families First" initiative, MCEC and MDHS were provided branding, public relations, print media and advertising from the Cirlot Agency. Auditor was not provided a contract for these services, but was provided a "Families First for Mississippi Financial Update" from November 2019 that detailed the scope of work performed for MDHS, Family First Initiative and Families First Mississippi. The update stated that $1,199,310 had been billed for services, and was broken down as follows (Numbers below are copied verbatim from the invoice. Breakdown summary does not equal the total by category, and the amounts do not equal the amount billed. Errors in addition remain unchanged intentionally):
  - Families First for MS – $292,718
    - Collateral $17,919
    - Fundraising $61,974
    - Public relations - $10,576
    - Strategic Planning - $63,489
    - Video Production - $63,698
    - Website - $75,064
  - Family First Initiative – $298,310
    - Summit Materials and Planning - $124,114
    - Strategic Planning - $54,805
    - Pilot Programs - $100,884
    - Steering Committees - $10,751
    - Website - $7,756
  - Mississippi Department of Human Services - $608,088
    - Video Production - $247,111
    - Strategic Planning - $42,732
    - Branding and Positioning - $169,626
    - Law of 16 Events - $113,037
    - Public Relations - $6,539
    - Analytics - $29,043

Actual payments made by MCEC for the services included $206,000 in FY 2017, $369,438 in FY 2018 and $1,152,470 in FY 2019 for a total of $1,727,908, which does not agree with the summary provided to auditors. Auditors could find no record of payments made to Cirlot by MDHS directly. Based on inquiry with MDHS personnel, MCEC requested reimbursement for expenditures paid on their behalf based on a verbal "promise to pay" from Executive Director JD. MDHS, under the subsequent Executive Director (CF), denied any reimbursement request. However, MCEC still used TANF funds to pay for the services.

Auditors, when possible with supporting documentation, viewed copies or video of advertising made in conjunction with this agreement. Auditors were not able to view all materials, however, due to lack of documentation. Auditors determined that promotional materials and advertising did not consistently abide by restrictions in the MDHS subgrant to include MDHS as a funding source, and did not consistently correlate advertisements to

programmatic resources. Much of the advertising was designed to solely benefit MCEC and its nonprofit and not programs offered. Additionally, advertising was not appropriately allocated among different subgrants. Finally, some items charged by Cirlot are specifically prohibited in federal regulations (steering committees, promotional materials, fundraising) and should not have been paid by federal monies. Auditor also questions the reasonableness of the cost of services. Due to these reasons, the costs paid to Cirlot are questioned in full.

Questioned costs for fiscal year 2017 – $206,000
Questioned costs for fiscal year 2018 – $369,438
Questioned costs for fiscal year 2019 – $1,152,470

- MCEC entered into contractual agreements to advertise and sponsor NCAA college sporting events at Mississippi State University. Invoices for payments made to IMG College, LLC/Learfield indicate that the advertisements were at college football, basketball, and baseball games. In addition, advertising was also done for NCAA Final Four Championships and Bowl Games held out of state. In at least one instance, TANF grant funds were used to purchase tickets to a college football game. Total payments included $195,163 in FY 2018 and $121,393 in FY 2019 for a total of $316,556.

  Due to the unreasonableness of providing advertising for programs designed for the needy at college sporting events, lack of adherence to stipulations in the grant agreement, and the lack of any correlation to how the advertising benefited the programmatic nature of the TANF program, these costs are questioned.

  Questioned costs for fiscal year 2018 – $195,163
  Questioned costs for fiscal year 2019 – $121,393

- MCEC and FRC entered into contractual agreements to advertise with radio stations owned by Telesouth Communications. Invoices for payments indicate that the advertisements were for promotional campaigns, fundraising, and programmatic functions. The advertisements were sold in a "marketing package" whereas the price of the contract was billed in installments. Due to the packaged nature of the invoices and advertising, auditors cannot determine which costs should be allocated to programmatic functions and which charges were for advertising that solely benefited the entity.

  Payments included $57,950 in FY 2017, $49,886 in FY 2018, and $220,560 in FY 2019 for a total of $328,396 from MCEC.

  Payments included $36,680 in FY 2017, $53,721 in FY 2018, and $213,521 in FY 2019 for a total of $303,922 from FRC.

  Due to the unreasonable cost of the advertising, lack of adherence to stipulations in the grant agreement, inability to allocate costs of allowable and unallowable payments, and the lack of any correlation to how the advertising

benefited the programmatic nature of the TANF program, these costs are questioned.

Questioned costs for fiscal year 2017 – $94,630
Questioned costs for fiscal year 2018 – $103,607
Questioned costs for fiscal year 2019 – $434,081

- Both MCEC and FRC utilized iPromoteU to provide promotional gifts and "swag" for conferences, booths, etc. These items were often branded as "Family First" and failed to denote that funds used for the cost of the items were from MDHS, as required by the subgrant agreement. Additionally, these items are prohibited as unallowable costs. Payments were made primarily from TANF funds, but CCDF and SSBG funds were also utilized as noted below.

  Payments included $23,569 in FY 2017, $94,789 in FY 2018, and $49,613 in FY 2019 for a total of $167,971 from MCEC.

  Payments included $3,137 in FY 2017, $11,197 in FY 2018, and $3,842 in FY 2019 for a total of $18,176 from FRC.

  Questioned costs for fiscal year 2017 – $26,706
  Questioned costs for fiscal year 2018 – $105,393
  Questioned costs for fiscal year 2018 – $593 (SSBG)
  Questioned costs for fiscal year 2019 – $52,455
  Questioned costs for fiscal year 2019 – $1,000 (CCDF)

- MCEC purchased additional advertising, marketing and promotional materials in FY 2019. Auditors sampled the remaining population of expenses classified as "Advertising" in the entities general ledgers. Auditors examined the invoices of nine additional advertising charges. When available, auditors viewed copies of the actual advertisements to determine what, if any, programmatic content was advertised. Auditors found that MCEC did not properly identify MDHS as the source of the funds nor did the advertising have a correlation to the TANF program. Sampled items totaled $13,090. Items are detailed below:
    - Clarion Ledger - $70 for digital ads
    - WONA radio station - $120 for ads
    - Ridgeland Chamber of Commerce - $40 for luncheon
    - Area Development Partnership - $250 for ad
    - House of Peace - $75 for pastor, minister, and leader conference
    - Busby Companies - $498 for billboards
    - WAPT - $12,037 for ads

  Questioned costs for fiscal year 2019 – $13,090

- FRC also had additional advertising expenditures; however, due to the inconsistency in how FRC accounting personnel coded expenses in the General Ledger, auditors could not perform a targeted sample of advertising

expenditures. Any advertising expenditures sampled in the general population are discussed in the Section "Other Auditing Results" of this finding.

Total amount questioned in 2017 – $327,336
Total amount questioned in 2018 – $774,194
Total amount questioned in 2019 – $1,774,489

Second Tier Subrecipients/Programmatic Subgrants

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.469) states the costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the Federal award.

The Office of Family Assistance produced *TANF-ACF-PI-2005-1 (Funding Childhood Education, School Readiness, Kindergarten, and Other Public Education Programs*, published on April 14, 2005, clarifies the use of funds for educational programs. Per the guide, "public education is a State responsibility; therefore, States may not use Federal TANF for any educational activity that is a component of the State's system of free public schools. By charging the Federal government for any part of these costs, the State would be passing on to the TANF program the costs of the State's public education system…This prohibition applies regardless of the adequacy of funding for general public education from other sources."

The *MDHS Subgrant Agreement* states in Section 5, under the heading "Documentation Requirements" that "Source documents are required to support transactions entered into the subgrantees' record keeping system. The following is a list of the minimum documentation required for selected transaction types:

- Salaries & Fringe - Benefits Personnel files which include a job application or resume, IRS W-4 Form, State Tax withholding form, I-9 Form (if hired after May 1987), e-verify confirmation, date of hire, and current approved salary/wage. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity. Time sheets and activity reports should reflect the actual hours worked and duties performed.

- Travel - An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including out-of-state meal receipts, hotel bills, conference registration fee receipts, and conference agendas.

- Telephone - Complete telephone bills and long distance telephone logs that indicate the person calling, the person called, the date and time of the call, the reason and purpose of the call, the number called, and the subgrant that benefitted from the telephone call.

- Equipment - Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), property records, and authorization to purchase equipment, and any other documentation necessary for purchasing law conformity. All purchases of equipment must be made in accordance with state purchasing requirements.

- Commodities (Supplies) - Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.

- Contractual Services - Original contracts for services charged to the subgrant, evidence of completion of contracts, billings for services, rental or lease agreements, competitive quotes or proof of newspaper advertisements for bids (if applicable), or documentation of fair market value.

- Subsidies, Loans & Grants - (Payments to/for clients) Client attendance records, documentation of services provided, including dates, times, names, and client signatures, or documentation to verify units of service provided.

- Other Direct Costs - Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.

Exceptions/Questioned Costs: Both MCEC and FRC awarded subgrants to "second tier subrecipients" during the grant period. Auditor reviewed programmatic scopes, payment requests, and supporting documentation to determine if agreements were made in accordance with provisions of Uniform Grant Guidance, grant regulations and restrictions, the initial subaward from MDHS, and whether the documentation adhered with the MDHS Subgrantee Manual. During this review, auditor found the majority of subgrantees of MCEC and FRC were not appropriately monitored, and that MCEC/FRC did not supply appropriate documentation for reimbursements or had inappropriate project narratives, scopes, etc. Most of the subgrant "packets" examined did not contain any type of correlation to the federal award objectives, nor did they contain client attendance records or documentation of the services provided. Many of the projects funded with appropriate scopes appeared to have performed work; however, documentation supporting that work was not sufficient for auditor to determine if it met the requirements to be allowable under the federal award. Additionally, while some of the projects may have community value and be considered worthwhile endeavors, auditor could not determine, from information provided, if the project/subgrant was a reasonable use of TANF, CCDF or SNAP resources, or if the program was limited to those defined as "needy" in both State or Federal regulations. It should be reiterated that, due to MCEC and FRC failing to denote on grant agreements that monies supplied were funded from federal programs such as TANF, second tier subrecipients could have not been aware of program restrictions and regulations. Based on these criteria, auditor has included these as questioned costs.

- MCEC Subgrantee agreements did not contain scopes or projects, nor did they entail how the programs would benefit needy individuals, or the correlation to TANF. In some instances, auditor was provided copies of grants/contracts for prior years and in some instances, auditors were only provided current year agreements. While some payments below appear to exceed grant awards, auditors were only provided contracts for FY 2019, and it is possible FY 2018 agreements existed that allowed for additional monies to be spent. Contract dates also spanned multiple fiscal years; therefore, information regarding FY 2018 and FY 2019 are presented as questioned costs.

    o Belhaven University – Granted $250,000 for Leadership Development. Actual payments in FY 2019 were $236,023.
    o Delta State University – Granted $700,002 over a two- year period. Scope unknown. Actual payments in FY 2018 were $238,796; and $344,807 in FY 2019.
    o Friendship Connection – Granted $35,000. Scope unknown. Actual payments totaled $35,000 in FY 2019.
    o Greenwood Community and Recreation Center – Granted $35,000. Scope unknown. Actual payments in FY 2018 totaled $62,166; and $43,891 in FY 2019.
    o Gulf Coast Community Foundation – Granted $55,250. Scope unknown. Actual payments in FY 2018 totaled $82,167; and $36,883 in FY 2019.
    o Jackson County Civic Action Agency – Granted $75,000 for 'Youth development and mentoring'. Actual payments in FY 2018 totaled $194,554; and $124,215 in FY 2019.
    o Juanita Sims Doty Foundation – Granted $1,000,000 over a two-year period. Scope unknown. Actual payments in FY 2018 totaled $688,864; and $368,291 in FY 2019.
    o Kid's Hub – Granted $72,464. Scope unknown. Actual payments in FY 2018 totaled $41,120; and $45,309 in FY 2019.
    o Meridian Community College – Granted $100,000. Scope unknown. Actual payments in FY 2018 totaled $36,672; and $96,022 in FY 2019.
    o Mississippi Gulf Coast Community College – Granted $274,314 for 'Training for middle skill job opportunities'. Actual payments in FY 2019 totaled $62,905.
    o Mississippi Offender Re-Entry Program – Granted monies to establish a re-entry program for the Oakley Training Facility. Contract did not include an amount of funds granted. Actual payments for FY 2019 totaled $301,000.
    o Pearl River Community College – Granted $260,193 for 'Encourage work ready credentials or HSE diploma'. Actual payments for FY 2018 totaled $10,759; and $182,942 in FY 2019.
    o Phoenix Project – Granted $45,000. Scope unknown. Actual payments in FY 2018 totaled $195,696; and $73,821 in FY 2019.
    o Picayune School District – Granted $50,000. Scope unknown. Actual payments in FY 2018 totaled $131,005; and $97,014 in FY 2019.

- o Restoration Foundation – Granted $30,000 for addiction services. Actual payments for FY 2018 totaled $27,479; and $24,823 in FY 2019.
- o Soul City Hospitality - $200,000 subgrant to create a community garden and to educate youth about sustainable agriculture. Actual payments totaled $200,000 in FY 2019.
- o Tulane Missionary Baptist Church – Granted $25,000. Scope unknown. Actual payments in FY 2018 totaled $9,551; and $53,408 in FY 2019.
- o Voice of Calvary – Granted $42,000 for 'The Net Counseling and Mentoring' services. Actual payments totaled $7,128 in FY 2018 and $30,948 in FY 2019.

Questioned costs for fiscal year 2018 – $1,725,957
Questioned costs for fiscal year 2019 – $2,357,302

- FRC Subgrantee agreements did contain scopes and/or project descriptions; however, some items in project scopes did not comply with allowable cost provisions and those grants are questioned below.

In some instances, information provided by subrecipients details lists of participants in programs, including participant intake forms that contain information on eligibility; however, for some programs no conclusions were drawn on whether participants were eligible. Additionally, some intake forms detail wage information that makes participant ineligible for program. For those programs that did not draw conclusions on eligibility determinations and those that covered ineligible participants, the grants are also questioned below.

- o Autism Center of North Mississippi – Granted $250,000 to provide a variety of services to children with autism. Many of the services provided do not meet allowable cost guidelines. Actual payments totaled $7,472 in FY 2018; and $99,732 in FY 2019.
- o Baldwyn School District – Granted $577,163 for a variety of programs provided to children of the district. Many of the services provided do not meet allowable cost guidelines and services were not limited eligible participants. Actual payments totaled $158,574 in FY 2018; and $210,600 in FY 2019.
- o Children's Advocacy Center – Granted $579,180 to develop and increase child advocacy training studies at colleges and universities. Many of the services provided do not meet allowable cost guidelines and were not limited to eligible participants. Actual payments totaled $254,478 in FY 2018; and $48,913 in FY 2019.
- o Kelly Williams Ministries – Granted $75,000 to assist women re-entering the workforce after incarceration or addiction. Auditor could not determine if eligibility determinations were made for participants. Actual payments totaled $64,000 in FY 2019.
- o Mississippi State University – Three different subgrant agreements were provided to auditors; however, auditor could not discern based on supporting documentation from which of the three subgrants the payments were made; therefore, the total of all

payments is presented. Actual payments totaled $595,482 in FY 2018; and $217,800 in FY 2019.

- ▪ "Recruitment and Enrollment" – Granted $225,000 to recruit students into the Education programs at the university. Program does not meet allowable cost guidelines.
- ▪ "Augmentative Communication" – Granted $150,188 to pay for the salaries of therapists. Program does not meet allowable cost guidelines.
- ▪ "Dyslexia" – Granted $171,089 to pay for the salaries of therapists. Program does not meet allowable cost guidelines.

o Nettleton School District – Granted $150,000 to pay for curriculum, equipment and supplies. Program does not meet allowable cost guidelines. Actual payments totaled $48,201 in FY 2018.

o Prentiss County Library – Granted $144,800 to pay for the salaries of library personnel. Program does not meet allowable cost guidelines. Actual payments totaled $46,533 in FY 2018; and $93,067 in FY 2019.

o Regional Rehabilitation Center - Granted $500,000 to pay for the salaries of therapists. Program does not meet allowable cost guidelines. Actual payments totaled $263,995 in FY 2018; and $175,019 in FY 2019.

o Reviving Network – Granted $74,259. Scope only includes the requirement to report on grant's progress. Auditor is unable to determine if program meets allowable cost guidelines. Actual payments totaled $31,096 in FY 2018; and $18,325 in FY 2019.

o Robinson Resource Center – Granted $60,000 to operate a community outreach center. Services provided are not limited to eligible participants. Actual payments totaled $8,835 in FY 2018; and $23,182 in FY 2019.

o Southeast Mississippi Children's Advocacy Center – Granted $14,000 to develop and increase child advocacy training studies at colleges and universities. Many of the services provided do not meet allowable cost guidelines and not limited to eligible participants. Actual payments totaled $20,625 in FY 2018; and $11,371 in FY 2019.

Questioned costs for fiscal year 2018 – $1,435,291
Questioned costs for fiscal year 2019 – $962,009

Total amount questioned in 2018 – $3,161,248
Total amount questioned in 2019 – $3,319,311

Personal Benefit/Conversion to Private Use

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.445 (a)) states that, "Costs of goods or services for personal use of the non-federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

Exceptions/Questioned Costs: During the course of the audit, auditors became aware that MCEC was under investigation for the misuse of state and federal monies. Allegations against MCEC included the conversion of assets derived from federal grants to personal use. Auditors examined the financial records of MCEC, and concurred with the conclusion that some federal grant monies had been converted to personal use. The Director (NN) and Assistant Executive (ZN) Director of MCEC have both been indicted on charges of fraud and embezzlement and have been arrested. Both pleaded non-guilty and are currently awaiting trial. Auditor noted the following instances of alleged conversion of assets to personal use:

- From a period of January 1, 2016 to June 30, 2019, MCEC transferred/paid a total of $6,513,393 in monies directly to the private business New Learning Resources, Inc. (NLR) which is owned and operated by the Director and Assistant Executive Director of MCEC. NLR operates in several different ways, including a website for online learning, New Learning Resource School Districts (NLRSD), and offers other educational services at the private school, New Summit School (NSS). A review of the transactions/transfers indicates that NLR and MCEC's finances were commingled and intertwined in such a manner that MCEC often paid invoices addressed to personnel at NLR and sent to NLR's physical address. Vice versa, some transactions indicate NLR paid for MCEC expenses and NLR was reimbursed for those charges. Auditor noted, however, that when NLR funds were used to pay for MCEC expenses, MCEC reimbursed NLR almost immediately, in many instances the same day. The balance for transactions paid by MCEC on behalf of NLR, however, continued to increase throughout the fiscal year. Some of the $6,513,393 was offset by credits for amounts paid by NLR on behalf of MCEC; however, the legitimacy of the credits could not be determined.

  MCEC utilized a variety of accounting transactions to allegedly conceal money transfers to NLR. As an example, general ledgers provided by MCEC to auditors and MCEC's underlying financial records do not agree in regards to transactions to NLR. In multiple instances the underlying financial records refer to the payee on the transfer/check as New Learning Resources; however, the general ledger provided to auditors show the same transactions with varying vendor names. For example, in one instance the financial records show a payment to NLR on 01/08/2019 for $1,125 for catering of Highway Patrol meals; however, the same entry on the general ledger provided to auditors shows the payee of this transaction to be "Robert's Catering." In fact, any payments to NLR other than a $700,000 grant payment had been artificially removed from the general ledger provided to auditors.

  Additionally, there were numerous transactions in the general ledger provided to auditors that indicated that the payee on a check was American Express, showing the transaction to be a credit card charge; however, when

auditors examined the actual bank statements of MCEC, the same transactions would be made out to NLR. Therefore, the American Express balance in the was overstated, and the amount paid to NLR was understated. The only discernable purpose of this deliberate mislabeling of transactions in the general ledger would be to conceal the number and amount of transactions flowing through from MCEC to NLR.

General journal transactions were used to transfer money and set up a "Due from NLR" in the accounting system. The balance in the "Due from NLR" account has a $1,085,217 balance as of June 30, 2019, indicating that MCEC utilized grant monies of a minimum of $1,085,217 to fund NLR. In December 2018 alone, MCEC funded NLR a total of $275,000 in transfers coded as "Due from NLR."

On November 30, 2018, MCEC recorded a $700,000 transfer of TANF funds to NLR. The amount is coded as a general journal reduction in the amount owed to MCEC. When auditors inquired about the transfer, MCEC personnel provided a signed grant agreement from MCEC to NLR. However, investigators were able to verify that the document had been falsified, was not in existence at the time of the transfer, and that proceeds did not benefit NLR in a grant/subgrant relationship. When added with the balance of the "Due from NLR" account, the actual amount of MCEC funds used to fund NLR increases to $1,785,217.

Auditors also reviewed invoices supplied by MCEC for fiscal year 2019, and were able to verify $73,514 of transactions that were paid using TANF Funds on behalf of NLR in addition to the amounts in the paragraph above. These costs included utilities, licenses, curriculum, etc.

Without examining the records of NLR, auditors cannot determine what fiscal year these charges stem from and what year the grant costs should be questioned for any balance prior to 2017. Additionally, auditor cannot verify that these are the only amounts converted to private use without a thorough review of the records of NLR and MCEC in tandem.

After analyzing the transfers and transactions in the ledger, auditor questioned the payments to NLR that were not offset by credits.

Questioned costs for fiscal year 2018 – $473,622
Questioned costs for fiscal year 2019 – $1,326,267

- The Director and Assistant Executive Director entered into a contract for $1,700,000 with the medical company, Prevacus, to purchase an investment in Prevacus and its affiliate PreSolMD. The company manufactures a brain concussion medicine. In exchange for the investment, Prevacus was to conduct clinical trials of the new medicine on children in Mississippi. The agreement was entered into by the Director (NN) and Assistant Executive Director of MCEC (ZN) in their personal capacity. An initial wire transfer of $500,000 was made on April 8, 2019 and a subsequent wire transfer of $250,000 was made on May 10, 2019. Original entries in the general ledger show that the payments were made with TANF funds; however, after State

Auditor Investigators questioned the use of TANF funds in July 2019, the funding source was changed to "Bingo" in the accounting software. It should be noted that an additional $350,000 was paid in FY 2020.

Questioned costs for fiscal year 2019 – $750,000

- MCEC paid Magnolia Strategies, LLC, a company owned by the Director of MCEC's son, $250,000 in "consulting" fees in both FY 2018 and 2019. Auditors were not provided a copy of any contracts for these fees, and, therefore, cannot determine what, if any, services were actually performed. All three checks were originally paid with TANF funds and coded as such in the accounting system. On July 16, 2019, after MCEC was first questioned about the use of TANF funds by State Auditor Investigators, the audit trail shows that a check written to Magnolia Strategies was re-coded in the system as "Administrative" funds.

  Questioned costs for fiscal year 2018 – $250,000
  Questioned costs for fiscal year 2019 – $250,000

- Auditors reviewed invoices supplied by MCEC for fiscal year 2019, and were able to verify $4,387 of transactions that were paid using TANF Funds on behalf of Spectrum Academy. Spectrum Academy is also owned by the Director of MCEC's son. Additionally, $7,490 was paid in TANF funds for expenses of the Mississippi Dyslexia Center, which is also owned by the Director of MCEC's son. No contracts or subgrants existed to justify these payments. Payments ranged from utility payments, advertising payments, licenses, meals, etc.

  Questioned costs for fiscal year 2019 – $11,877

- Auditors were able to identify $118,022 in costs paid using TANF/CCDF funds for NSS in FY 2019. Of those funds, $70,228 were used to purchase kitchen equipment for the cafeteria of NSS, and $17,842 was used to purchase Apple Computer products for NSS. The remaining $29,952 was used to purchase various supplies, pay for utilities, purchase licenses, etc.

  Additionally, MCEC entered into contractual agreements with the University of Southern Mississippi (USM) to fund "externships" of students at the University through the School of Psychology. Externships allow individuals to study in a real-world work environment. According to press releases by USM and invoices supplied to auditor by MCEC, these externships were completed at NSS. Therefore, MCEC used TANF funds to pay for temporary workers at NSS. These invoices are billed to MCEC with the description "Spectrum I – Externships" and "Spectrum II". These costs were coded as "consulting" and charged to the TANF grant. Total costs paid under these grants includes $526,146 paid in FY 2018 and $56,131 in FY 2019.

  Questioned costs for fiscal year 2018 – $526,146

Questioned costs for fiscal year 2019 – $174,153

- On February 22, 2017, the Assistant Executive Director of MCEC borrowed $28,898 against the balance of his 403(b) pension plan at American Funds. The loan repayment included semimonthly payments of $264. Upon review of general ledger, payments were made from the Assistant Director to repay the loan in the amount of $1,489 for FY 2017, $6,380 for FY 2018, and $6,343 in FY 2019. According to MCEC personnel, these payments were deducted from the Assistant Executive Director's gross pay; however, auditor determined that no deductions were made against his pay and that the charges were coded and charged to the TANF grant. It should be noted that another employee of MCEC had a loan against his 403(b) pension plan. His monthly payments were deducted from his gross pay, as required.

Questioned costs for fiscal year 2017 – $1,489
Questioned costs for fiscal year 2018 – $6,380
Questioned costs for fiscal year 2019 – $6,343

Total amount questioned in 2017 – $1,489
Total amount questioned in 2018 – $1,256,148
Total amount questioned in 2019 – $2,518,640

Related Party Rent and Idle Facilities

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.446) states that the cost of "idle facilities" is an unallowable cost. Idle facilities are defined as facilities that are completely unused and to the excess of the entity's current needs.

The Code of Federal Regulations (2 cfr 200.465) states that rental costs are allowable to the extent that the rates are reasonable in light of rental costs of comparable property, market conditions, alternatives available, and the condition of the property.

The Code of Federal Regulations (2 cfr 200.465(c)) states that rental costs under "less than arm's length" leases are allowable only up the amount that is considered reasonable compared to similar property. It further defines a "less than arm's length" lease as one where the lessor and lessee are under "common control" such as a situation involving two companies owned by the same individual, or the two companies owned by immediate family members. Family members, for the purpose of this regulation, are defined as (1) Spouse, and parents thereof; (2) Children, and spouses, thereof; (3) Parents, and spouses thereof; (4) Siblings, and spouses thereof; (5) Grandparents and grandchildren, and spouses, thereof; (6) Domestic partner, and parents thereof; (7) Any individual related by blood or affinity whose close association with the employee is equivalent of a family relationship.

Exceptions/Questioned Costs: MCEC is owned and operated by the Director, and her son, the Assistant Executive Director. Together, they own Avalon Holdings, LLC (Avalon). The Director's other son owns and operates 204 Key, LLC (Key). Both Avalon and Key own properties that are utilized by MCEC as places of business. Avalon owns three separate buildings that are utilized by MCEC; Key owns one.

- Avalon owns the main building that is used as MCEC's headquarters. In this shared space is a dentist office rented to an independent third party, MCEC, and New Learning Resource Online (NLRO), which is also owned by the Director of MCEC and her family. During the audit, auditors noted that the rental payments to Avalon seemed excessive considering market conditions, size of the property, condition of the property, and location of the property. After a search of business listings by the Mississippi Secretary of State's Office, auditors confirmed that MCEC and Avalon were under common control, and, therefore, should only be able to charge "reasonable and comparable" rent for use of the building. Auditors requested a copy of the lease agreement, and were provided an unsigned agreement stating that monthly rent was $3,997. After requesting a signed copy of the lease, auditors were provided a new lease agreement that stated the monthly rent to be $16,000 per month for "operating a retail boutique" and stated the size of the property was 12,500 square feet. MCEC finally provided a lease agreement amendment that stated that the monthly rental payments were $27,466 monthly.

  Auditors were able to ascertain the square footage of MCEC's utilized space, the square footage of the independent third party's utilized space and the rent charged, and calculated a reasonable "per square foot" rent charge of $1.78 per square foot (monthly rent of $5,488 for 3,084 square feet of space for the independent third party). MCEC uses approximately 7,000 square feet, according to documents provided. These calculate to a reasonable, market value of rent to be $12,460 per month. Actual rental payments made to Avalon monthly for MCEC were $27,466 monthly, plus additional amounts paid on a sporadic basis. MCEC actually paid $357,061 in rental fees for FY 2019. Reasonable annual rent is calculated to be $149,520. $207,541, the portion of rent that is considered above market value, is questioned

  Additionally, rent is charged for a building close in proximity to the headquarters of MCEC. When auditors inquired about the purpose of the rent payments, MCEC informed auditors that the space was utilized for office space and intake assessments for Families First. However, based on a physical walkthrough and inquiry with NSS personnel, auditor determined that the building is utilized by the 4th grade classes at NSS, and is the location of the "Spectrum Academy" location inside NSS. Both NSS and Spectrum Academy are privately owned organizations by the Director of MCEC and her family. Rental payments for the building were $9,868 monthly, or $118,416 annually. As these facilities were used for personal businesses of the Director of MCEC and her family and has no correlation to TANF, the cost of rent payments is an unallowable cost. Additional rent

payments were made in the ledger with no explanation as to why. Actual payments of $128,294 are questioned.

Avalon also owns a property in Greenwood, MS, that is utilized by MCEC as a "Families First Resource Center." Auditors were provided with a lease agreement stating monthly rent would be $2,000 (or $24,000 annually), and would be increased no more than 3 percent for the next year. Based on the initial amount of the lease plus the 3 percent increase, monthly rent should be no more than $2,060, or $24,720 annually. MCEC paid rental fees at $7,500, or $90,000 annually. Additionally, extra rental payments were made on a sporadic basis. Actual payments for the space totaled $97,806., an overpayment of $73,086. Questioned costs include the difference in what the lease agreement allowed ($24,720) and actual payments.

Additional rent payments made to Avalon in the amount of $6,250 are also questioned as there is not a business purpose for the extra payments.

Questioned costs for fiscal year 2019 – $415,171

- MCEC paid monthly rental payments of $3,500 to Key for property located in Madison, MS. When a copy of the lease was requested by auditors, MCEC supplied a lease agreement for the property address between MCEC and Avalon Holdings, which is the incorrect lessor. The monthly amount of the lease on the agreement provided was $2,500, or $30,000 annually. Auditors inquired of the purpose of the rent payments, and were told that a "Families First Resource Center" was located at the address. Auditors did a physical walkthrough of the property and located no such center. The only property at the address was a Mississippi Dyslexia Center, which is also owned by the Assistant Executive Director of MCEC and the owner of Key. The Dyslexia Center is a fee-for-service therapy center and not related to TANF. Even though the agreement stated rent was $2,500 monthly, MCEC paid $3,500 monthly. Actual payments of $42,000 are questioned due to no valid TANF purpose.

Questioned costs for fiscal year 2019 – $42,000

- MCEC also entered into a lease for property at the "City Centre" in Jackson owned by Hertz Jackson City Centre, LLC (Hertz) in FY 2019. MCEC paid a $500,000 deposit for the property, and signed a lease for monthly payments of $20,274. The location was to be a "virtual reality school" run by the Lobaki Foundation. However, the contract for the "vr school" ended in July 2019, and no additional use for the property was identified; therefore, the location sat idle for FY 2019. MCEC continued to charge the rent for the idle facilities to the TANF grant. Actual payments, including the deposit, totaled $669,237. Due to the restriction of idle facility charges, the total amount paid on the lease is questioned.

Questioned costs for fiscal year 2019 – $669,237

Total amount questioned in 2019 –$1,126,408

Travel for Specific Individuals

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.446) states "Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies."

The Code of Federal Regulations (2 cfr 200.446(b)) states "Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that: (1) Participation of the individual is necessary to the Federal award; and (2) The costs are reasonable and consistent with non-Federal entity's established travel policy."

The Code of Federal Regulations (2 cfr 200.446(d)) states "Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would: (i) Require circuitous routing; (ii) Require travel during unreasonable hours; (iii) Excessively prolong travel; (iv) Result in additional costs that would offset the transportation savings; or (v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business- class airfare to be allowable in such cases."

Exceptions/Questioned Costs: During the audit, auditors noted that certain individuals were reimbursed substantial travel costs when compared to other personnel. Additionally, due to the instances of fraud, waste, and abuse at MDHS, MCEC and FRC, certain individuals were assigned higher risk with travel reimbursements than everyday personnel. During testwork, the auditor noted the following questioned costs:

- Priceless Ventures, LLC travel – The owner and operator of Priceless Ventures (TD) was reimbursed for travel from MCEC. The contracts with MCEC state that the contract price is all inclusive and do not detail policies for travel reimbursement. Nevertheless, travel made by TD for these contracts was reimbursed and charged to the TANF grant. A review of actual travel invoices showed that TD often flew first class, stayed in high priced hotel suites, and charged expensive meals for himself and others. In

one instance, $607 for the "Oxford Grillehouse" was charged to the TANF grant. For fiscal year 2019, MCEC reimbursed $12,872 to TD for travel. Due to the unreasonable cost of the expenses, the lack of correlation to TANF purpose, and the violation of restrictions on airfare, these charges are questioned.

Questioned costs for fiscal year 2019 – $12,872

- BD travel – Aside from being the owner and operator of Restore2, LLC, BD was also employed by MCEC from July 1, 2018 to June 30, 2019. During his employment there, BD also submitted requests for reimbursement for travel. The travel reimbursement requests do not contain information to ascertain the relevance of the travel to TANF purposes. Additionally, a review of the actual travel invoices showed that BD often flew first class, stayed in high priced hotel suites, and charged expensive meals. During his employment, BD was reimbursed $31,808 of travel expenses. Due to the unreasonable cost of the expenses, the lack of correlation to TANF purpose, and the violation of restrictions on airfare, these charges are questioned.

Questioned costs for fiscal year 2019 – $31,808

- MCEC purchased a round trip, first class ticket for BD's wife to fly to Los Angeles, CA, with BD on April 21, 2019. Flight arrangements were made by Executive Director JD's Administrative Assistant and emailed to BD, with Executive Director copied on the email. During this time, BD was in addiction treatment in Malibu, CA at Rise in Malibu, as stated in the finding above. As there was no business purpose in the trip, BD's wife was not an employee of MCEC, and given the restrictions on airfare, these costs are questioned.

Questioned costs for fiscal year 2019 – $1,614

Total amount questioned in 2019 –$46,294

Salaries

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403)* states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

The Code of Federal Regulations (2 cfr 200.445 (a)) states that, "Costs of goods or services for personal use of the non-federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

The Code of Federal Regulations (2 cfr 200.53(b)) states "Improper payment includes any payment to an ineligible party, any payment for an ineligible good or service, any duplicate payment, any payment for a good or service not received (except for such payments where authorized by law), any payment that does not account for credit for applicable discounts, and any payment where insufficient or

lack of documentation prevents a reviewer from discerning whether a payment was proper."

The Code of Federal Regulations (2 cfr 200.404) states "A cost is reasonable - if in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the entity is predominately federally funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award. (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award. (c) Market prices for comparable goods or services for the geographic area. (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government. (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

The Code of Federal Regulations (2 cfr 200.405 (a)) states "A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received."

The *MDHS Subgrant/Contract Manual*, which subgrants must attest to have read and understood prior to receiving grant awards, states in Section 5, under the heading "Documentation Requirements" that the minimum documentation requirements for salaries are time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity. This section also states under the heading "Cost Allocation/Indirect Costs", if MDHS subgrantee administers more than one subgrant at a time which results in costs that are shared among various subgrant programs and/or other funds such as local resources, the subgrantee must document the basis for allocating a portion of the shared costs to the MDHS subgrant and shall distribute the costs in a reasonable proportion to the benefits received.

Exceptions/Questioned Costs: In order to test the salaries paid at MCEC, auditors requested a list of employees and their salaries. MCEC provided a list; however, the list did not contain job descriptions. Auditors then requested for the job descriptions to be added to the list. When auditors received the revised list with job descriptions, auditors compared the two lists and found that five employees on the first list were not on the second list, and some of the salary amounts changed. Two of the employees that were no longer listed were the daughters-in-law of the Director of MCEC (NN) – the Assistant Executive Director's (ZN) wife, and the wife of NN's other son, JN. Two of the other employees that were no longer listed were attorneys that also are employees at FRC, one of which was previously the

Deputy Executive Director of MDHS under Executive Director JD and the other is the niece of the Executive Director of FRC.

Further review of the underlying accounting records indicated that both daughters-in-law were each paid $31,667 in gross earnings (for a total of $63,333 in FY 2018) using TANF funds. This amount includes a check to each in the amount of $15,000 (gross) on September 29, 2017.

The two attorneys reference above received approximately $181,000 in FY 2018 and $394,000 in FY 2019 from FRC; and received approximately $203,000 in FY 2018 and $208,000 in FY 2019 from MCEC.

As discussed above, through the course of the audit, auditors became aware of the risk of TANF funds converted to personal use to fund private businesses owned by the Director of MCEC (NN), the Assistant Director of MCEC (ZN) and NN's son JN. Auditors determined that there were several employees on MCEC's payroll who were also listed as staff of New Summit School (NSS – owned by NN), Mississippi Dyslexia Center (owned by JN and ZN), and Spectrum Academy (owned by JN). The salaries of the employees identified were approximately $339,000 in FY 2017, $860,000 in FY 2018, and $944,000 in FY 2019.

Also, as discussed above, the principal of Restore2 (BD) was also an employee of MCEC. In addition to the payments that were made to the rehabilitation facility, and the contractual payments made to BD by MDHS, BD continued to be paid $83,000 in salary payments by MCEC during the time period that he was in rehabilitation at Rise In Malibu. BD's job description, as listed by MCEC, was "Trainer". The average salary of all of the other employees with the "Trainer" job description was approximately $28,000. However, BD was receiving an annual salary of $250,000. The total amount paid to BD was approximately $208,000 in FY 2018, and $250,000 in FY 2019.

The owner of MD Foundation (MD) discussed above was also an employee of MCEC. Initially, MCEC stated that MD was also a "trainer", although, MCEC later stated that he was a "community liaison". MD received an annual salary of $130,000. The amount paid to MD was approximately $104,000 in FY 2018 and $130,000 in FY 2019. MD was also an employee of FRC during the same period and received approximately $60,000 in FY 2018 and $59,000 in FY 2019.

Due to the widespread fraud, waste, and abuse already discussed, the fact that MCEC attempted to conceal who was paid with TANF funds by editing the employee listing provided to auditors, the familial relationships of some employees with the owners of MCEC, the lack of any discernable work performed to earn the salaries of some individuals, and the unreasonable amounts of certain salaries, these costs are specifically questioned.

In addition to these specific questioned costs, neither subrecipient had a reasonable, causal beneficial, underlying allocation methodology of the salaries to the multiple subgrants that they received. Nor did they have adequate supporting documentation to substantiate the allocations that were used. For this reason, we are questioning all of the salaries and wages paid as auditors cannot determine what a reasonable allocation would be based on the existing documentation.

Total amount questioned in 2017 - $5,840,046
Total amount questioned in 2018 - $13,202,040
Total amount questioned in 2019 - $15,296,505

All Other Costs from MCEC Sampled

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

Exceptions/Questioned Costs: Auditors sampled and tested all other expense classes at MCEC for adherence to Uniform Grant Guidance allowability regulations. During testing, auditors noted that MCEC did not have an appropriate or auditable underlying methodology for allocating shared costs among multiple grants. Due to this lack of methodology, auditors could not verify the cost charged to the grant was reasonable or necessary. The items detailed below are questioned in addition to those items identified during a nomenclature review and detailed in the above paragraphs.

During testwork for allowable costs and activities allowed, auditors noted the following questioned costs:

- Awards, Banquets, and Events – Out of 12 items tested, auditors noted the following:
    - Three instances totaling $14,656 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
    - Seven instances totaling $54,480 where cost were determined questionable based on the reasonableness to the TANF program.

    Questioned Cost for fiscal year 2019 - $69,136

- Consulting – One item was questioned:
    - One item totaling $100 was questioned in which the reasonableness and allowability of an expenditure could not be determined due to the agency not providing sufficient documentation for the expenditure.

    Questioned Cost for fiscal year 2019 - $100

- Contract Labor – Out of 194 items tested, auditors noted the following:
    - Seven items totaling $450 were questioned due to auditor being unable to determine the need for the expense to the TANF program due to insufficient details in supporting documentation.
    - Sixteen items totaling $853 where MCEC was unable to provide a contract or agreement for the services provided. Therefore, auditor was unable to determine the need or reasonableness to the TANF program.

- o 179 items totaling $70,415 where MCEC was unable to provide a contract or agreement that the tutoring services performed were for work related to TANF eligible individuals.

Questioned Cost for fiscal year 2019 - $71,718

- Curriculum – One item was questioned:
  - o One item totaling $15,750 was questioned in which the reasonableness and allowability of an expenditure could not be determined due to the agency not providing sufficient documentation for the expenditure.

Questioned Cost for fiscal year 2019 - $15,750

- Data Processing – Out of 5 items tested, auditors noted the following:
  - o Five items totaling $5,100 in which costs were questioned due to 100 percent of the cost being charged to the TANF program. The subgrantee did not have a proper allocation plan and the auditor was unable to determine the percentage of the expense that is considered necessary and reasonable for the performance and administration of federal awards to the TANF program.

Questioned Cost for fiscal year 2019 - $5,100

- Dues and Subscriptions – Out of 5 items tested, auditors noted the following:
  - o Three items totaling $139 where the expense was questioned based on the reasonableness to promote the objectives of the TANF program.
  - o Two items totaling $355 where MCEC paid for expenses associated with a counselor licensure for an employee who was employed by New Summit School.

Questioned Cost for fiscal year 2019 - $494

- Equipment Rental – Out of 100 items tested, auditors noted the following:
  - o Nine items totaling $2,334 were questioned in which the reasonableness and allowability of an expenditure could not be determined due to the agency not providing sufficient documentation for the expenditure.
  - o Six items totaling $923 where the expense was questioned based on the reasonableness to promote the objectives of the TANF program.
  - o Eighty-four items totaling $31,759 where costs were questioned due to 100 percent of the cost being charged to the TANF program. The subgrantee did not have a proper allocation plan and the auditor was unable to determine the percentage of the expense that is considered necessary and reasonable for the performance and administration of federal awards to the TANF program.

Questioned Cost for fiscal year 2019 - $35,016

- Janitorial – Out of 6 items tested, auditors noted the following:

- Six items totaling $3,295 where costs were questioned due to 100 percent of the cost charged to the TANF program. The subgrantee did not have a proper allocation plan and the auditor was unable to determine the percentage of the expense that is considered necessary and reasonable for the performance and administration of federal awards to the TANF program.

Questioned Cost for fiscal year 2019 - $3,295

- Meetings – One item was questioned:
  - One item totaling $200 where the reasonableness of the expenditure to promote the objective of the TANF program could not be determined.

Questioned Cost for fiscal year 2019 - $200

- Postage and Delivery – Out of 9 items tested, auditors noted the following:
  - Three items totaling $2,005 where costs were questioned due to 100 percent of the cost being charged to the TANF program. The subgrantee did not have a proper allocation plan and the auditor was unable to determine the percentage of the expense that is considered necessary and reasonable for the performance and administration of federal awards to the TANF program.

Questioned Cost for fiscal year 2019 - $2,005

- Professional Fees – Out of 3 items tested, auditors noted the following:
  - One item totaling $5,500 where costs were questioned due to 100 percent of the cost charged to the TANF program. The subgrantee did not have a proper allocation plan, and the auditor was unable to determine the percentage of the expense that is considered necessary and reasonable for the performance and administration of federal awards to the TANF program.
  - Two items totaling $135 where MCEC paid for expenses associated with an employee who was employed by New Summit School. Due to this and MCEC not having a proper allocation plan, auditor is unable to determine the percentage of charges that should be charged to the TANF program.

Questioned Cost for fiscal year 2019 - $5,635

- Repairs and Building – Out of 4 items tested, auditors noted the following:
  - Four items totaling $2,889 where the cost is unallowable as maintenance and repair cost. Per *2 cfr 200.452*, costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life are only allowable if these costs keep the building/property in an efficient operating condition.

Questioned Cost for fiscal year 2019 - $2,889

- Repairs - Other – Out of 2 items tested, auditors noted the following:
    - Two items totaling $1,330 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.

Questioned Cost for fiscal year 2019 - $1,330

- Seminars and Continuing Education - Out of 10 items tested, auditors noted the following:
    - Five items totaling $492 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
    - One item totaling $150 where costs were determined questionable based on the reasonableness of the cost to promote the TANF program
    - Two items totaling $28,796 were questioned due to MCEC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to salaries being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.

Questioned Cost for fiscal year 2019 - $29,438

- Repairs and Building – Out of 4 items tested, auditors noted the following:
    - One item totaling $1,106 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.

Questioned Cost for fiscal year 2019 - $1,106

- Supplies – Out of 17 items tested, auditors noted the following:
    - Three items totaling $705 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
    - Five items totaling $339 where costs were determined questionable based on the reasonableness of the cost to promote the TANF program.
    - Nine items totaling $402 were questioned due to MCEC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and

reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.

Questioned Cost for fiscal year 2019 - $1,446

- Telephone – While reviewing invoices, auditors noted the following:
  o MCEC is paying a portion of each employees' phone bill; however, the methodology to determine how much is paid per employee is not properly documented. The fringe benefit is applied to all employees regardless of need in regards to TANF purposes. Additionally, it was noted that MCEC is also paying 100 percent of the phone bill for employees that are either not employed by MCEC, do not work full time for MCEC, or work for New Summit School or New Learning Resource center part-time. Auditors also noted that the telephone invoices also indicate that MCEC is paying for iPhones and iPad devices for NN (iPhone, iPad, and data for each), ZN (iPhone, two iPads, and data for each), ZN's wife (iPhone and data), JN (iPhone and data), and JN's wife (iPhone and data). MCEC was also paying monthly installments on two phones and for the iPhone data for the owner of Priceless Ventures, TD.

  Invoices also show that some employees' are having their spouses and children's phones, service, and iPhone data paid for using TANF funds – including the IT Director of MCEC's (BB) own phone and data, his son's data, and his daughter's phone and data. Invoices show that MCEC paid monthly on installments on at least 25 different iPhones and iPads for employees. These devices ranged from iPhone 8s to iPhone XS's, and from iPad minis to iPad Pros.

  Additionally, Federal Regulation requires expenses to be allocated to the projects based on the proportional benefit, and auditors have no assurance the cost associated with this benefit is being applied properly. Due to these factors, all amounts paid for telephone expense for FY 2019 are questioned.

  Questioned Cost for fiscal year 2019 - $61,389

- Telephone - Office – Out of 5 items tested, auditors noted the following:

- Five items totaling $2,314 were questioned due to MCEC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to salaries being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.

Questioned Cost for fiscal year 2019 - $2,314

- Travel - Mileage – Out of 7 items tested, auditors noted the following:
  - Two items totaling $1,000 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
  - Five items totaling $675 where cost for the travel to the events, meetings, or trainings do not meet the needs or purpose of the TANF program.

Questioned Cost for fiscal year 2019 - $1,675

- Travel - Other – Out of 4 items tested, auditors noted the following:
  - One item totaling $229 was questioned due to the fact expense was to pay a speeding ticket incurred by the Director of MCEC (NN). Speeding tickets and/or fines and penalties are unreasonable, un-allocable, prohibited by state laws, and unallowable.
  - One item totaling $976 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
  - Two items totaling $211 were questioned due to the travel costs are for individuals who are not employees of MCEC.

Questioned Cost for fiscal year 2019 - $1,416

- Utilities – Out of 97 items tested, auditors noted the following:
  - One item totaling $52 where costs were determined questionable based on the reasonableness of the cost to promote the TANF program.
  - One item totaling $93 was questioned due to funds being used to pay a fine/penalty for unreturned satellite equipment. Fines and penalties are unreasonable, un-allocable, prohibited by state laws, and unallowable.

o   Ninety-five items totaling $17,830 were questioned due to MCEC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to salaries being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award.   Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.

Questioned Cost for fiscal year 2019 - $17,975

Total amount questioned in 2019 –$329,427

All Other Costs from FRC Sampled

Laws and Regulations: *The Code of Federal Regulations (2 cfr 200.403*) states that, in order to be allowable under federal guidelines, costs must be necessary and reasonable, and adequately documented.

Exceptions/Questioned Costs: Auditors sampled and tested all other expense classes at FRC for adherence to Uniform Grant Guidance allowability regulations. During testing, auditors noted that FRC did not have an appropriate or auditable underlying methodology for allocating shared costs among multiple grants. Due to this lack of methodology, auditors could not verify the cost charged to the grant was reasonable or necessary. The items detailed below are questioned in addition to those items identified during a nomenclature review and detailed in the above paragraphs.

During testwork for allowable costs and activities allowed, auditors noted the following questioned costs:

- Commodities – Out of 12 items tested, auditors noted the following:
    - Ten items totaling $5,834 were questionable due to FRC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to salaries being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements

of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.
- o One item totaling $222 where costs were determined questionable based on the reasonableness of the cost to promote the TANF program.
- o One item totaling $65 where documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.

Questioned Cost for fiscal year 2019 - $6,121

- Contractual – Out of 4 items, auditors noted the following:
  - o Three items totaling $3,512 were questionable due to FRC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to salaries being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to improper or if it conformed to the limitations of *2 CFR part 200, subpart E*. Additionally, adequate documentation for two of the items supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.
  - o One item totaling $2,667 where funds were used for promotional items which are unallowable according to *2 CFR 200.431*. Additionally, adequate documentation supporting the cost could not be provided; therefore, auditor could not determine if cost was allowable.

Questioned Cost for fiscal year 2019 - $6,179

- Equipment – Out of 8 items tested, auditors noted the following:
  - o Eight items totaling $116,110 were questionable due to FRC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to the equipment being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to improper or if it conformed to the limitations of *2 CFR part 200, subpart E*.

Questioned Cost for fiscal year 2019 - $116,110

- Travel – Out of 12 items tested, auditors noted the following:
  - Two items totaling $4,605 were questionable due to FRC not having a proper cost allocation plan. Auditor could not determine the percentage of the expenditure that would be considered necessary and reasonable for the performance and administration of Federal awards. 100 percent of the expenditure should not be charged directly to the TANF grant due to the travel being a shared cost across multiple grants. Auditor also noted that due to the nature of expenditure reporting and record keeping, auditor could not determine if the cost was recorded to the correct reporting category, or used to meet the matching requirements of any other federal award. Additionally, auditor could not determine if the cost was consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities.

Questioned Cost for fiscal year 2019 - $4,605

Total amount questioned in 2019 –$133,015

Due to the widespread fraud, waste, and abuse uncovered during the audit, and the lack of any appropriate underlying methodology for the allocation of shared costs in both MCEC and FRC, the overall lack of documentation to establish reasonableness and necessity of costs, the lack of integrity in documents obtained from MCEC due to known instances of forgery, misdirection, document modification, etc., the direct involvement of MDHS personnel in the fraud, waste, and abuse, and the likelihood of additional fraud, waste, and abuse existing in the actions of these subrecipients, auditor cannot state, with reasonable assurances, the amount of grant costs for the TANF grant were used appropriately.

Known questioned costs, as detailed in the finding above:

For fiscal year 2017: $6,333,044 (TANF)
For fiscal year 2018: $28,419,923 (TANF)
For fiscal year 2019: $31,155,361 (TANF)

For fiscal year 2018: $593 (SSBG)
For fiscal year 2019: $111,262(SSBG)

For fiscal year 2018: $497,987 (SNAP)

For fiscal year 2019: $139,564 (CCDF)

Likely questioned costs include total amounts paid to MCEC and FRC for TANF, CCDF and SNAP awards less any amounts questioned in other allowable cost findings in this report. The total has been reduced by those questioned costs to ensure the same dollar is only questioned one time.

Chart below shows amounts actually paid to MCEC and FRC as of June 30, 2019. Amounts paid could be less than grant awards listed in the "Background" section of the finding due to timing differences in the State/Federal fiscal years.

		Total Paid	Less Amount Questioned in Other Finding	Total Questioned
2019				
	TANF	$26,517,614	N/A	$26,517,614
	CCDF	$ 6,576,057	$3,529,915	$ 3,046,142
	SNAP	$ 1,144,953	$684,598	$ 460,355
2018				
	TANF	$34,801,286	N/A	$34,801,286
	SNAP	$ 497,987	N/A	$ 497,987
	SSBG	$ 6,900,000	N/A	$ 6,900,000
2017				
	TANF	$21,941,224	N/A	$21,941,224
	Total	**$98,379,121**	**$4,214,513**	**$94,164,608**

All information related to this audit finding has been referred to the Mississippi Office of the State Auditor Investigative Division, the United States Department of Justice, the Office of Inspector General for the United States Department of Health and Human Services, and the Federal Bureau of Investigation.

Cause   Executive Director JD circumvented internal controls set in place by MDHS in regards to procurement, monitoring, and other allowable costs controls in order to direct monies to certain subrecipients, who then directed federal monies to individuals associated with JD. Additionally, JD used his position as Director to convince employees at MDHS to collude with him in circumventing controls. MDHS, in turn, did not appropriately monitor or review expenditures at the subrecipient level to ensure adherence to allowable cost and activities allowed guidelines. Personnel at MDHS are not properly trained or educated in regards to allowable cost provisions. Lastly, personnel at MDHS either disregarded established policies and procedures, or were not aware policies and procedures existed.

Effect   Due to high risk of additional fraud, waste, and abuse other than what has been reported to authorities or detailed in this report, auditor questioned the entire grant award amounts to certain subrecipients. Uniform Grant Guidance includes remedies for non-compliance with federal regulations, including, but not limited to, requesting a dollar for dollar reduction in the subsequent year's grant award for any money misappropriated or misspent under the Temporary Assistance for Needy Families Grant. Additionally, the widespread fraud, waste, and abuse has led to public distrust of MDHS, and a loss of integrity in the public welfare system in the State of Mississippi.

Recommendation   We recommend the Mississippi Department of Human Services take swift and immediate action to re-instill trust in the public welfare system in Mississippi by doing the following actions:
1) Pursue any legal remedies available against those that have contributed to the widespread fraud, waste, and abuse detailed in this report;
2) Pursue any legal remedies to seize property at MCEC and FRC that was purchased with federal monies in accordance with the policies of the *MDHS Subgrant Manual*;
3) Procure an independent certified public accounting firm to conduct a widespread forensic audit of MDHS to determine the extent of fraud, waste,

and abuse in other programs, as well as the TANF program, and of MCEC and FRC to support any attestation made by MDHS of the allowability of costs, and report any suspected criminal activity to the Mississippi Office of the State Auditor;

4) Conduct internal investigations to determine the pervasiveness of the knowledge and involvement of former and current MDHS staff in the widespread fraud, waste, and abuse, and report any suspected criminal activity to the Mississippi Office of the State Auditor;

5) Strengthen existing controls to ensure non-compliance with federal regulations does not continue;

6) Procure adequate and appropriate training for all staff who are involved in any federal allowable costs and activities allowed monitoring;

7) Increase awareness in subrecipients of allowable cost and activities allowed regulations.

Views of Responsible Officials

Material Weakness
Material Noncompliance

2019-031	Strengthen Controls to Ensure Compliance with Allowable Cost Requirements of the Supplemental Nutrition Assistance Program (SNAP).
CFDA Number	10.551 Supplemental Nutrition Assistance Program (SNAP)
Federal Award No.	1283505 (2018 E&T 50%) 1293505 (2019 E&T 100%)
Federal Agency	U.S. Department of Agriculture
Questioned Costs	$684,598

Criteria

Per *MDHS' Subgrant/Agreement Manual Section 5*, "The accounting system of each MDHS subgrantee shall provide the monitors/auditors with adequate documentation to support the subgrantee's financial claims. Source documents are required to support transactions entered into the subgrantee's record keeping system. The following is a list of the minimum documentation required for selected transaction types: …Time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity. An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including out of state meal receipts, hotel bills, conference registration fee receipts, and conference agendas."

Per the *Code of Federal Regulations, Title 45- Subtitle a- Subchapter A- Part 200.431*, "Pension Plan Costs. Pension plan costs which are incurred in accordance with the established policies of the non-Federal entity are allowable, provided that: (1) Such policies meet the test of reasonableness."

Per the *Code of Federal Regulations, Title 45-Subtitle A- Subchapter A- Part 200.404*, "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award….."

Per the *Code of Federal Regulations, Title 45-Subtitle A- Subchapter A- Part 200.405*, "A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost: (1) Is incurred specifically for the Federal award..."

Condition

During testwork performed related to SNAP Activities Allowed and Allowable Costs, auditor noted 31 instances in which MDHS made reimbursement payments to Mississippi Community Education Center (MCEC) for salary, travel, fringe benefits and education related expenses for an agreement MCEC entered into with a KLLM Transport Services (KLLM) to provide training to SNAP Employment and Training (E&T) participants. Allowability of these activities or costs could not be determined due to the following:

1. MCEC did not provide timesheet information to support the allocation of salary percentages, nor did it provide supporting documentation relating to travel expenditures. Information provided to auditors by MCEC and information provided to MDHS by MCEC did not agree in relation to salary and wages applied to the grant.
2. The Fringe rate of 26.65 percent used by MCEC includes an unreasonable percentage of contributions to a 403(b) plan, including a profit sharing contribution for the Executive Director (NN) and Assistant Executive Director of MCEC (ZN).
3. Fraud, waste, and abuse noted during review of MCEC that included both reimbursement and accounting recorded falsification. MCEC initially submitted reimbursement for KLLM expenses at $8,000 per student cost. When advised that the $8,000 cost was too high, MCEC submitted new documentation at $4,000 and documentation for a new program for the exact amount of unallowed expenditures in the prior submission. Personnel from KLLM stated that this additional training never occurred.
4. MCEC comingled federal and private funds, as well as lacked a proper cost allocation system.

The total of the questioned costs amounts to $684,598.

Due to the issues stated above, auditor could not determine if the costs associated with this subrecipient were allowable, allocable or reasonable to the SNAP program. Additionally, due to inadequate internal controls regarding payments to subrecipients, MDHS erroneously advanced a payment in the amount of $2,615,774 to MCEC on the grant. MCEC returned the payment; however, MCEC continued to submit payment requests on the grant. These requests were paid using the contractual services line item of MDHS' budget rather than the "Amount

Transferred to Subgrantee" account. Therefore, $511,120 was paid to MCEC using the appropriate subgrant requests and accounts, and an additional $173,478 was reimbursed using contractual services. Using the wrong accounts can result in an overpayment of the grant award.

As referenced in Finding 2019-030, the entire amount of SNAP grant funds paid to MCEC is questioned. The questioned costs for this finding were deducted from the total to ensure that the same costs were not questioned twice.

Cause
The Former Executive Director circumvented controls and disregarded policies and procedures related to activities allowable and allowable costs in relation to expenditures made for Mississippi Community Education Center.

Additionally, MDHS staff were either unaware or incompliant with their own policies and federal codes of regulations.

Effect
Failure to verify expenditures are allowable, appropriately pay expenditures out of federal or private funds, and allocate costs correctly can lead to federal funding being withdrawn or expenditures being paid with incorrect funds. This can also lead to fraud, waste, and abuse within an agency.

Recommendation
We recommend the Mississippi Department of Human Services strengthen control procedures in order to properly verify expenditures are allowable and appropriate. We also recommend that the agency appropriately pay expenditures out of the correct federal or private funds and allocate the funds correctly across all expenditures.

Repeat Finding
No.

Statistically Valid
The sample is considered statistically valid.

View of Responsible Officials

Material Weakness
Material Noncompliance

2019-032
Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the TANF Program.

CFDA Number
93.558   Temporary Assistance for Needy Families State Programs

Federal Award No.
G1701MSTANF 2017
G1801MSTANF 2018
G1901MSTANF 2019

Federal Agency
U.S. Department of Health and Human Services

Questioned Costs
$2,374,752

Criteria

Per the *Code of Federal Regulations (2 cfr 200.437(a)-(b))*, "(a) Costs incurred in accordance with the non-Federal entity's documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable. (b) Such costs will be equitably apportioned to all activities of the non-Federal entity."

Per the *Code of Federal Regulations (2 cfr 200.404)*, "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: … (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award…. (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government."

Per the *Code of Federal Regulations (2 cfr 200.210)*, "A Federal award must include the following information: … Federal Award Performance Goals. The Federal awarding agency must include in the Federal award an indication of the timing and scope of expected performance by the non-Federal entity as related to the outcomes intended to be achieved by the program. In some instances, (e.g., discretionary research awards), this may be limited to the requirement to submit technical performance reports (to be evaluated in accordance with Federal awarding agency policy). Where appropriate, the Federal award may include specific performance goals, indicators, milestones, or expected outcomes (such as outputs, or services performed or public impacts of any of these) with an expected timeline for accomplishment. Reporting requirements must be clearly articulated such that, where appropriate, performance during the execution of the Federal award has a standard against which non-Federal entity performance can be measured. The Federal awarding agency may include program-specific requirements, as applicable. These requirements should be aligned with agency strategic goals, strategic objectives, or performance goals that are relevant to the program."

Additionally, the *Code of Federal Regulations (2 cfr 200.62)* States that a non-federal entity must have internal control over compliance designed to provide reasonable assurance that;
 (a) Transactions are properly recorded and accounted for, in order to:
    (1) Permit the preparation of reliable financial statements and Federal reports;
    (2) Maintain accountability over assets; and
    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
(b) Transactions are executed in compliance with:
    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

    (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

  (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition   During testwork performed for the Allowable Costs/Cost Principle requirements of the TANF program during fiscal year 2019, auditors noted the following exceptions:

- One instance totaling $11,034 in which auditor determined that expenditures for hotel rooms were associated with a "Law of 16 Conference." The Law of 16 Conference is a self-help course for employee morale; therefore, costs should have been equitably apportioned to all activities of the entity, and not solely the TANF program. All costs associated with the "Law of 16" conference hotel rooms are questioned;

- Questioned costs of $388,145 relating to known expenditures made for "Law of 16" conferences held by MDHS for MDHS personnel. "Law of 16" conferences were held by Priceless Ventures, LLC. Priceless Ventures had a contract with MCEC and FRC, subgrantees of MDHS, to supply these services. The contract states that it is Priceless Ventures' responsibility to pay for all costs associated with the conferences with the contracted sum. As those contracts with MCEC and FRC were paid with TANF grant money, MDHS was effectively charging the same expense against the TANF grant twice. Additionally, things like entertainment and branded items are against allowable cost regulations. Therefore, all costs associated with the for "Law of 16" conferences are questioned;

- Questioned cost of $1,927,573 relating to known expenditures made for Heart of David (HOD). The HOD grant lacked any discernable performance metrics and had an inadequate scope of services. HOD also represented itself as a faith-based organization; however, no certifications existed to certify the faith-based restriction of conducting inherently religious activities with federal monies. Additionally, entering into a subgrant agreement with HOD created a conflict of interest due to the personal relationship between an officer of HOD and the prior Executive Director JD of MDHS. See Finding 2019-030 for more information.

- Questioned cost of $48,000 for payments made to Restore2/Recover2. These payments were made for opioid training that was allegedly never conducted. Executive Director JD and the principal of Restore2 (BD) conspired to fraudulently create invoices, sign in sheets, etc. to justify payment of expenses when BD was out of state in a luxury rehabilitation facility. See Finding 2019-030 for more information.

Total questioned costs - $2,374,752

Cause   Staff were either unaware or did not follow policies and procedures related to Activities Allowed and Allowable Costs of TANF funds. The former Executive Director JD circumvented controls and disregarded policies and procedures related to activities allowable and allowable costs in relation to expenditures made for

Mississippi Community Education Center, Family Resource Center of Northeast Mississippi, Law of 16, Heart of David, and Restore2, LLC.

Effect

Failure to verify expenditures are allowable, appropriately pay expenditures out of federal or private funds, and allocate costs correctly can lead to federal funding being withdrawn or expenditures being paid with incorrect funds. This can also lead to fraud, waste, and abuse within an agency.

Recommendation

We recommend the Mississippi Department of Human Services strengthen control procedures in order to properly verify expenditures are allowable and appropriate. We also recommend that the agency appropriately pay expenditures out of the correct federal or private funds and allocate the funds correctly across all expenditures.

Repeat Finding

No.

Statistically Valid

The sample is considered statistically valid.

View of Responsible Officials

Material Weakness
Material Noncompliance

2019-033

Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the CCDF Cluster.

CFDA Number

93.575 Child Care and Development Block Grant
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Federal Award

1701MSCCDF 2017
1801MSCCDF 2018
1901MSCCDD 2019

Federal Agency

U.S. Department of Health and Human Services

Questioned Costs

$3,532,466

Criteria

The *Code of Federal Regulations (45 cfr 98)* regulates expenditures of funds under the Child Care and Development Block Grant (CCDF), including the identification of allowable costs for CCDF expended through the child care certificate program. The Mississippi Department of Human Services' Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual,* based on the CCDF State Plan, which incorporates applicable federal regulations and establishes allowable costs for child care certificate payments under the CCDF program. Specifically, Section 103.02 of this manual addresses co-payment fees and Section 104.04 addresses child care certificate rates. Therefore, eligible school-aged children should be issued certificates that state both full-time and part-time rates eligibility so that the

provider can record the proper attendance each day (full-time when school is not in session or part-time when school is in session).

Per the *MDHS Subgrant/Agreement Manual*, which subgrantees must attest to have read and understood prior to receiving grant awards, states in Section 5, "The accounting system of each MDHS subgrantee shall provide the monitors/auditors with adequate documentation to support the subgrantee's financial claims. Source documents are required to support transactions entered into the subgrantee's record keeping system. The following is a list of the minimum documentation required for selected transaction types: …Time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity. An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including out of state meal receipts, hotel bills, conference registration fee receipts, and conference agendas."

Per the *Code of Federal Regulations (2 cfr 200.431)*, pension plan costs which are incurred in accordance with the established policies of the non-Federal entity are allowable, provided that: (1) Such policies meet the test of reasonableness.

Per the *Code of Federal Regulations (2 cfr 200.404)*, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award…

Per the *Code of Federal Regulations (2 cfr 200.405)*, a cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost: (1) Is incurred specifically for the Federal award…

Additionally, the *Code of Federal Regulations (2 CFR 200.62)* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
    (1) Permit the preparation of reliable financial statements and Federal reports;
    (2) Maintain accountability over assets; and
    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
(b) Transactions are executed in compliance with:
    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

(2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	In performing allowable cost testwork related to certificate rates and co-pays during fiscal year 2019, auditor noted the following:

- Seven instances out of 120 tested, or 5.8 percent, in which school-aged children were issued a child care certificate that provided both full-time and part-time attendance rates, but the provider recorded, and was paid, only full-time rates during months school was in session. These seven instances resulted in known questioned costs of $1,981 out of total fiscal year school-aged certificate payments of $24,462,523 and projected questioned costs of $751,243;

- One instance out of 120 tested, or 1.2 percent, in which the family was deemed ineligible due to income being higher than 85 percent of average income for the state. This resulted in a questioned cost of $570 out of total certificate payments of $86,239,928 and projected questioned costs of $283,363; and

- Seventeen instances in which allowability of activities or cost could not be determined. The total of the questioned costs amounts to $3,529,915. Auditor noted during the review of the subecipients MCEC and FRC, that the subrecipients comingled federal and private funds, as well as did not have a proper cost allocation system. Due to these issues, auditor could not determine if the costs associated with these sub-recipients were allocable to the CCDF program or reasonable.

This resulted in known questioned cost of $3,532,466.

As referenced in Finding 2019-030, the entire amount of CCDF grant funds paid to MCEC is questioned. The questioned costs for this finding were deducted from that total to ensure that the same costs were not questioned twice.

Cause	Staff were either unware or did not follow identified policies and procedures over allowable cost requirements.
Effect	Failure of DECCD to properly provide for the payment of part-time rates on the certificates for school-aged children, ensure child care certificates are active prior to payment, ensure the proper rate is used based on the age of the child, and to prevent duplicate child care certificates can result in improper payments to child care providers, questioned costs and the possible recoupment of funds by the federal granting agency.
Recommendation	We recommend the Mississippi Department of Human Services' Division of Early Childhood Care and Development ensure compliance with the allowable costs requirements of the Child Care and Development Block Grant by strengthening control procedures to ensure child care certificate rates and co-pays are assigned and providers paid in accordance with the requirements set forth in the *Code of*

Federal Regulations and the *Mississippi Child Care Payment Program Policy Manual.*

Repeat Finding	Yes; 2018-049 in 2018; OTH-03 in 2017
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

Significant Deficiency
Immaterial Noncompliance

2019-034	Strengthen Controls Over Review of Computations and Data for Allowable Cost Activity Used in the Manual Cost Allocation Process and Review of Indirect Costs Allocated to Federal Programs.
CFDA Number	10.551 Supplemental Nutrition Assistance Program 93.558 Temporary Assistance for Needy Families State Programs 93.658 Title IV-E Foster Care
Federal Award	12-35-2841 – 19 G1602MSTANF G1701MSTANF G1801MSTANF G1901MSTANF G1801MSFOST G1901MSFOST
Federal Agency	United States Department of Agriculture; U.S. Department of Health and Human Services
Questioned Costs	$1,871

Criteria	The *Internal Control - Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Good internal controls provide that the agency's statistical units are used in accordance with the approved Cost Allocation Plans and that the agency is updating statistical information used for cost allocation on a quarterly basis, and that a supervisory review/approval of charges are in place.
	
	Additionally, the *Code of Federal Regulations (2 cfr 200.62)* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
	(a) Transactions are properly recorded and accounted for, in order to:
	    (1) Permit the preparation of reliable financial statements and Federal reports;
	    (2) Maintain accountability over assets; and

(3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

(1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

(2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition   During testwork performed over allowable activities and allowable cost requirements, auditor noted:

- Three instances in which the reporting category charged on the manual cost allocation spreadsheet did not tie back to a reporting category listed on the crosswalk;

- One instance totaling $1,040 where the auditor noted a charge was for parking fees related to "Law of 16" conference. Auditors determined through the audit process that expenditures for "Law of 16" conferences are questionable. Based on this, auditor will question any indirect expenditures related to "Law of 16" conferences; and

- One instance in which the auditor could not verify proper approval for expenditures $831.

Cause   Keying error made while entering reporting categories into manual spreadsheet and staff oversight of review and approval of expenditures. Also, staff responsible for the review and payment of expenditures were possibly unaware of the questionable nature of expenditures relating to "Law of 16".

Effect   Failure to implement proper control could result in over/under allocation funds as well as the allocation of funds to prohibited expenditures.

Recommendation   We recommend the Mississippi Department of Human Services strengthen controls over the review of computations and data used in the cost allocation process to ensure accurate distribution of costs to federal programs as well as strengthen controls over the review and approval of expenditures.

Repeat Finding   No.

Statistically Valid   The sample is considered statistically valid.

View of Responsible Officials

CASH MANAGEMENT

Material Weakness

Material Noncompliance

2019-035	<u>Controls Should Be Strengthened to Ensure Compliance with Cash Management Requirements of the TANF program.</u>
CFDA Number	93.558 Temporary Assistance for Needy Families State Programs
Federal Award No.	G1701MSTANF 2017 G1801MSTANF 2018 G1901MSTANF 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	None.

Criteria

The *Code of Federal Regulations (2 cfr 200.514(C)(4))* states, "When internal control over some or all of the compliance requirements for a major program are likely to be ineffective in preventing or detecting noncompliance, the planning and performing of testing described in paragraph (c)(3) of this section are not required for those compliance requirements. However, the auditor must report a significant deficiency or material weakness in accordance with § 200.516 Audit findings, assess the related control risk at the maximum, and consider whether additional compliance tests are required because of ineffective internal control."

Additionally, the *Code of Federal Regulations* (*2 cfr 200.305(b))* states that payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity. Advance payments are allowed provided the non-Federal entity maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. Reimbursement is the preferred method when these advance payment requirements cannot be met.

Furthermore, the *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
    (1) Permit the preparation of reliable financial statements and Federal reports;
    (2) Maintain accountability over assets; and
    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:
  (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition

During the audit of the Mississippi Department of Human Services (MDHS) subrecipients MCEC and FRC, auditor noted:

- Subrecipients MCEC and FRC were advanced large sums of monies at the beginning of each grant period.

  MDHS informed auditors in meetings held on October 1, 2019 and February 5, 2020 that that they were not able to get sufficient information from MCEC or FRC throughout the grant period. Considering this failure to receive information, and overall lack of controls in regards to the activities allowed and allowable cost provisions of the federal grant, MDHS should have evaluated the appropriateness of large cash advances to the two subrecipients.

  A review of the underlying accounting records at MCEC and FRC indicated that both subrecipients requested advance payments before expenditures had been encumbered; thereby building large cash reserves to fund other grants and private operations. Both entities are funded by primarily federal grants.

  MCEC maintained an average monthly cash balance of approximately $4 million in FY 2017, $4.5 million in FY 2018, and $5 million in FY 2019.

  FRC maintained an average monthly cash balance of approximately $2 million in FY 2017, $2 million in FY 2018, and $2.5 million in FY 2019.

  These cash management practices are in direct violation of federal regulations and the *Cash Management Improvement Act* entered into between the State of Mississippi and the federal government.

Cause

Staff were either unaware or did not follow identified policies and procedures for areas that impact the cash management requirements related to Uniform Guidance.

Effect

Failure to verify expenditures are allowable, appropriately pay expenditures out of federal or private funds, and allocate costs correctly can lead to federal funding being withdrawn or expenditures being paid with incorrect funds. This can also lead to fraud, waste, and abuse within an agency.

Recommendation

We recommend the Mississippi Department of Human Services strengthen controls in order ensure federal funds are drawn down in accordance with the *Cash Management Information Act* and are designed to minimize the time elapsing between the transfer of funds from the United States Treasury and to the disbursement of funds.

Repeat Finding	No.
Statistically Valid	No.
View of Responsible Officials	

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ELIGIBILITY

Significant Deficiency
Immaterial Noncompliance

2019-036	<u>Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster.</u>
CFDA Number	93.575 - Child Care and Development Block Grant 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award	1701MSCCDF 2017 1801MSCCDF 2018 1901MSCCDD 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	$2,030
Criteria	The *Code of Federal Regulations (45 cfr Part 98.20)* sets forth the eligibility requirements for a child to receive child care services. The *Code of Federal Regulations (45 cfr Part 98.50)* further states how the Child Care and Development Block Grant (CCDF) funds should be expended for issuance of child care certificates. The Mississippi Department of Human Services' Division of Early Childhood Care and Development (DECCD) has published the *Mississippi Child Care Payment Program Policy Manual*, based on the CCDF State Plan, which incorporates applicable federal regulations and establishes eligibility criteria to receive child care certificate payments under the CCDF program. Specifically, Chapter 1 of this manual addresses family and child eligibility requirements, including the requirement that an eligible child be less than 13 years of age, or 18 if the eligible child has special needs.

Additionally, the *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
    (1) Permit the preparation of reliable financial statements and Federal reports;
    (2) Maintain accountability over assets; and
    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

(1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

(2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	Based on eligibility testwork in regards to the CCDF program, out of 120 child care certificate payments made during fiscal year 2019, auditor noted the following exceptions:

- Five instances in which the certificate file did not contain a certified and complete Child Care Payment Program application or redetermination form as applicable for certificate tested;

- Five instances in which it could not be verified that the child either resides with a parent who is receiving TANF, working, or attending a job-training/education program or is a FC/PS/HHM referral due to lack of sufficient supporting documentation;

- Five instances in which it could not be verified that the child resides with a family whose income does not exceed 85 percent of the State median income level due to lack of sufficient supporting documentation;

- 14 instances in which certificate copay amounts could either not be verified due to lack of sufficient supporting documentation or were incorrectly computed; and

- One instance of ineligibility due to incorrect amount of income being entered into CCPS.

This resulted in known questioned costs of $2,030 and a projected questioned cost of $78,967.

Cause	Staff were either unaware or did not follow identified policies and procedures for CCDF eligibility determinations.
Effect	Failure to ensure a child care certificate applications are complete and accurate could result improper payments to a child care provider representing questioned costs and the possible recoupment of funds by the federal granting agency.
Recommendation	We recommend the Mississippi Department of Human Services' Division of Early Childhood Care and Development ensure compliance with the eligibility costs requirements of the Child Care and Development Block Grant. We also recommend strengthening control procedures to ensure child care certificate rates and copays are assigned in accordance with rules and regulations.
Repeat Finding	Yes – 2018-048 in 2018; 2017-035 in 2017; 2016-025 in 2016; 2015-002 in 2015; 2014-010 in 2014.

Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

MATCHING, LEVEL OF EFFORT, EARMARKING

Significant Deficiency
Immaterial Noncompliance

2019-037	<u>Controls Should Be Strengthened to Ensure Compliance with Matching Requirements of the CCDF Cluster.</u>
CFDA Number	93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award	1601MSCCDF 2016 1701MSCCDF 2017 1801MSCCDF 2018 1901MSCCDD 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	None.
Criteria	Per the *Code of Federal Regulations (2 cfr 200 Appendix XI, Compliance Supplement)*, In-Kind contributions should be valued in accordance with *2 cfr sections 200.306, 200.434 and 200.414* along with the terms and conditions of the award.

Additionally, the *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
  (1) Permit the preparation of reliable financial statements and Federal reports;
  (2) Maintain accountability over assets; and
  (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
(b) Transactions are executed in compliance with:
  (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	Based on matching testwork for the CCDF program, auditors noted that the MDHS was not able to provide monthly reporting worksheets of in-kind donations. Additionally, MDHS does not require subrecipients to attach supporting documentation for in-kind expenditures. Due to the lack of supporting documentation, the auditor was unable to verify the values placed of those in-kind contributions are in accordance with Uniform Grant Guidance.
Cause	The Mississippi Department of Human Services does not require sub-recipients to submit supporting documentation for in-kind contributions.
Effect	Failure to require sub-recipients to submit supporting documentation regarding their claims for in-kind contributions could result in the improper valuation of in-kind contributions, inaccurate reporting of those in-kind contributions on the quarterly AFC-696 reports, and improper matching of federal funds.
Recommendation	We recommend the Mississippi Department of Human Services require subrecipients to provide supporting documentation, such as a listing of contributions and the method of the valuation of those contributions, for in-kind contributions claimed by the Mississippi Department of Human Services on its quarterly AFC-696 reports.
Repeat Finding	No.
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

PERIOD OF PERFORMANCE

Significant Deficiency
Immaterial Noncompliance

2019-038	<u>Controls Should Be Strengthened to Ensure Compliance with the Period of Performance for the CCDF Program.</u>
CFDA Number	93.575 - Child Care and Development Block Grant 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Federal Award	1701MSCCDF 2017 1801MSCCDF 2018 1901MSCCDD 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	$46,264

Criteria	The *Code of Federal Regulations (45 cfr 98.60*), requires both the Federal and non-Federal share of the Matching Fund shall be obligated in the fiscal year in which the funds are granted and liquidated no later than the end of the succeeding fiscal year.
	
	The *Code of Federal Regulations (2 cfr 200.62)*, states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
	(a) Transactions are properly recorded and accounted for, in order to:
	    (1) Permit the preparation of reliable financial statements and Federal reports;
	    (2) Maintain accountability over assets; and
	    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
	(b) Transactions are executed in compliance with:
	    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
	    (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
	(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	During testwork performed over Period of Performance requirements, auditor noted two instances in which the liquidation of funds totaling $46,264 did not occur within the Period of Performance of the federal grants.
Cause	Subrecipient close-out reports were not submitted timely.
Effect	Expenditures were made to a federal award/grant beyond the period of performance, resulting in questioned costs.
Recommendation	We recommend the Mississippi Department of Human Services strengthen controls over the grant close-out process to ensure liquidations are performed during the grant period.
Repeat Finding	No.
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

PROCUREMENT, SUSPENSION, AND DEBARMENT

Material Weakness
Material Noncompliance

2019-039	<u>Strengthen Controls Over Procurement Policies and Awarding Subgrants for the TANF program.</u>
CFDA Number	93.558 Temporary Assistance for Needy Families State Programs
Federal Award No.	G1901MSTANF 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	$72,000

Criteria

Per the *Code of Federal Regulations (45 cfr 200.331(b)),* all pass-through entities must: … Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward…

Per the *Code of Federal Regulations (45 cfr 200.319(a)),* All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to: … (5) Organizational conflicts of interest.

Per the *Code of Federal Regulations (45 cfr 200.320(b)),* procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources." Additionally, per *Chapter 3 Section 205.02 of the State of Mississippi Procurement Manual* that was in effect during the time period these contracts were awarded, "Insofar as it is practical for small purchases of services greater than $50,000 and not exceeding $75,000, no less than three (3) sources shall be solicited to submit written responses that are recorded and placed in the procurement file… If this method is used, award shall be made to the vendor offering the lowest and best bid or proposal. In the event three written responses are not obtained, the agency shall include a memo to the procurement file explaining why this was not accomplished.

Per the *Code of Federal Regulations (45 cfr 200.404),* a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to: …(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

Additionally, per the *Code of Federal Regulations (45 cfr 200.62),* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

(a) Transactions are properly recorded and accounted for, in order to:

    (1) Permit the preparation of reliable financial statements and Federal reports;

    (2) Maintain accountability over assets; and

    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

    (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition

During testwork performed for the Procurement, Suspension, and Debarment requirements of the TANF program during fiscal year 2019, auditor noted the following:

For Procurement, Suspension and Debarment relating to subawards:

- Through discussions with MDHS upper management, auditor became aware of the prior Executive Director JD's direct involvement in the TANF subaward process. Executive Director JD, at his sole discretion, awarded subrecipients without following any type of competitive RFP process. Policies in place at the time these awards were granted stated that a scoring process would be utilized to ensure fair and equitable awards were distributed. The policies were disregarded.

- Agency did not perform risk assessments of subawards as noted in Finding 2019-030. Due to this failure to perform risk assessments, MDHS did not have any objective basis to evaluate the performance of subrecipients from prior grant years to ensure compliance with federal regulations.

For Procurement, Suspension and Debarment relating to Contractual Services:

- Two instances in which auditor noted the agreement was not secured in a manner that provided full and open competition. Throughout the audit process, the auditor determined that MDHS entered into agreements with contractors that had personal relationships with the former Executive Director, and/or did not engage in proper procurement processes (refer to Finding 2019-030). Based on this information, any costs associated with these contracts would be unreasonable. See details regarding two instances below:

  o Auditor noted a personal relationship between the former Executive Director JD and the president of NCC Ventures. Executive Director JD also hired an immediate family member of the president of NCC Ventures to work in MDHS' Executive office during the contract period.

Additionally, MDHS only sent out three invitations/solicitations to bid, and only NCC Ventures responded to the solicitation. The contract's scope included "studying and measuring how well the public workforce system is meeting employer needs" and "engaging employers on behalf of MDHS client to assist in improving opportunity and outcomes in the workforce." Federal procurement regulations require that a "reasonable number" of bids be evaluated. The remaining two businesses were not located in Mississippi and were not registered with the Mississippi Secretary of State's Office. When auditors inquired of personnel at the other two businesses solicited as to why they did not respond to the solicitation, one informed auditor that his expertise was in construction management and had nothing to do with the project scope of workforce development.

Total amount paid on the contract of $72,000 is questioned.

o Auditor noted a personal relationship between prior Executive Director JD and an officer of Restore2, LLC (BD). BD was a former employee of MDHS. Contract for $48,000 was executed by Restore2 and MDHS for opioid training sessions. Based on information uncovered during an investigation of these payments due to fraud, waste, and abuse, auditors noted that work on this contract was not performed as stated in supporting documentation and that the purpose and need of the contract was fabricated by former Executive Director JD.

Cause   Staff were not aware or did not follow policies and procedures over the procurement of contractual services. Additionally, procurement procedures were not adequately performed in order to ensure open and free competition.

Effect   Failure to abide by procurement guidelines of both federal and state regulatory authorities could result in inappropriate contracts and payments, which could result in a clawback of federal monies. Additionally, disregarding policies and controls could lead to fraud, waste, and abuse.

Recommendation   We recommend the Mississippi Department of Human Services strengthen controls to ensure compliance with state and federal regulations over the procurement of contracts. Additionally, we recommend the Mississippi Department of Human Services establish updated grant award policies in regards to their responsibility as a federal grant pass through.

Repeat Finding   No.

Statistically Valid   The sample is considered statistically valid.

View of Responsible Officials

Significant Deficiency

2019-040	Controls Should Be Strengthened Over Procurement of Subrecipients for SNAP.
CFDA Number	10.551 Supplemental Nutrition Assistance Program (SNAP) 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Federal Award No.	2018 SNAP E&T 50% 2019 SNAP E&T 100% 2019 USDA Outreach 2019 TEFAP
Federal Agency	U.S. Department of Agriculture
Questioned Costs	None.
Criteria	Per the *Code of Federal Regulations (45 cfr 200.331 (b)),* all pass-through entities must: … Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward…

The *Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)* specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate agencies maintain written policies and procedures in maintaining a good control environment.

Additionally, the *Code of Federal Regulations (2 cfr 200.303(a)),* states agencies should, "Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." Without written policies and procedures, the auditor is unable to substantiate non-written policies.

Furthermore, the *Code of Federal Regulations (45 cfr 200.62)* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

(a) Transactions are properly recorded and accounted for, in order to:
  (1) Permit the preparation of reliable financial statements and Federal reports;
  (2) Maintain accountability over assets; and
  (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:
  (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	When performing testwork related to SNAP Procurement, Suspension, and Debarment, auditors noted the following:

- Out of the eight items sampled, two were for Skills2Work partner assessments.

  Skills2Work is a workforce development project designed to leverage federal funds to help the State scale career and technical education programs so that they are more accessible to low-income families. Companies that want to become a partner in the program, and receive a reimbursement of up to 40 percent of the allowable program cost, must fill out an application, scope of services, budget narrative and estimate and apply at MDHS.

  MDHS stated that all Skills2Work industry "partners" are required to receive a partner assessment. These assessments are used to evaluate the partner's viability based on the program criteria and the ability to service those individuals who qualify for SNAP benefits.

  MDHS supplied auditors with a copy of the partner assessment template, but was unable to provide auditors with the actual assessments used to evaluate the partners for admission to the program. Auditors inquired if there were any written policies and procedures for the partner assessments, and were provided an additional copy of the partner assessment template and the *Subgrantee Manual* used for all MDHS subgrants. Auditors were able to find a brochure sent to partners about the program, and a toolkit template on the MDHS website, but no other information was provided by MDHS. Auditor determined that all policies were verbal, and that there were not adequate controls over the partnership assessments.

- Out of eight items sampled, one contract was for MCEC and one contract was for FRC. Due to the direct involvement of former Executive Director JD, auditor not verify these contracts were entered into using arms-length bargaining.

- Out of eight items sampled, MDHS did not provide any supporting documentation for the procurement of the remaining four contracts; therefore, auditor cannot ascertain whether procurement is valid.

Cause	Inadequate procedures and a failure to follow other established policies by MDHS personnel. Policies for Skills2Work were verbal directives only, causing inconsistencies among staff.
Effect	Without proper policies, procedures, and documentation to support costs, ineligible participants could be admitted to the Skills2Work program; thereby, causing an unallowable cost.
Recommendation	We recommend Mississippi Department of Human Services strengthen the controls and prepare written policies and procedures over the procurement process of the Skills2Work program.
Repeat Finding	No.

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Statistically Valid   The sample is considered statistically valid.

**View of Responsible
Officials**

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REPORTING

Significant Deficiency

2019-041	Controls Should Be Strengthened over the Submission of Required Federal Reports for the TANF Program.
CFDA Number	93.558 Temporary Assistance for Needy Families State Programs
Federal Award No.	G1701MSTANF 2017 G1801MSTANF 2018 G1801MSTANF 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	None.
Criteria	The *Code of Federal Regulations (45 cfr 265.3),* requires a "TANF Data Report" (ACF-199) for the Temporary Assistance to Needy Families (TANF) program to be completed and submitted in accordance with instructions provided by the Administration for Children and Families (ACF). Those instructions require States to submit quarterly reports for each open fiscal year of grant funds until all funds are expended; therefore, States will likely submit separate forms for multiple grant award years simultaneously. These reports are due and must be submitted 45 days after the end of each quarter.

Additionally, the *Code of Federal Regulations (45 cfr 200.62),* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

(a) Transactions are properly recorded and accounted for, in order to:

    (1) Permit the preparation of reliable financial statements and Federal reports;

    (2) Maintain accountability over assets; and

    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:

    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and

    (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition	During testwork performed for TANF reporting for FY 2019, auditor noted the following:

- Data required to be submitted for the T-199 report, QE December 31, 2018 was not submitted within 45 days after the end of the reporting period. Data was submitted 144 days late; and

- Data required to be submitted for the T-199 report, QE June 30, 2019 was not submitted within 45 days after the end of the reporting period. Data was submitted 6 days late.

Cause	Staff were either unaware or did not follow policies and procedures related to federal reporting requirements.
Effect	Failure to timely review and submit reports could result in reporting penalties and could impact funding determinations.
Recommendation	We recommend Mississippi Department of Human Services strengthen the controls over the preparation, review and timely submission of required performance and financial reports prior to submission to the Department of Health and Human Services.
Repeat Finding	No.
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

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SUBRECIPIENT MONITORING

Material Weakness
Material Noncompliance

2019-042	Controls Should Be Strengthened over On-Site Monitoring for the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Child Care and Development Block Grant (CCDF), Low Income Home Energy Assistance Program (LIHEAP), and Social Services Block Grant (SSBG) Programs.
CFDA Number	10.551 Supplemental Nutrition Assistance Program
	93.558 Temporary Assistance for Needy Families State Programs
	93.667 Social Services Block Grant
	93.575 Child Care and Development Block Grant
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
	93.568 Low Income Home Energy Assistance Program

Federal Award No.	G1701MSTANF 2017	SNAP – Letter of Credit
	G1801MSTANF 2018	G1801MSSOSR 2018
	G1801MSCCDF 2018	G18B1MSLIEA 2018

Federal Agency United States Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs None.

Criteria The terms and conditions of the grant agreements between the Mississippi Department of Human Services (MDHS) and the U.S. Department of Health and Human Services require MDHS to administer grants in compliance with the *Code of Federal Regulations (2 cfr 200)*.

The *Code of Federal Regulations (2 cfr 200.331)* requires MDHS to properly identify subaward requirements to subrecipients, evaluate the risk of noncompliance for each subrecipient, and monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, complies with the terms and conditions of the subawards and achieves performance goals.

We evaluated MDHS's compliance with subrecipient monitoring requirements based on written policies and procedures designed by MDHS's Division of Program Integrity – Office of Monitoring (OM) to satisfy during-the-award monitoring requirements. OM procedures require an on-site monitoring review of each subgrantee contract at least once during the subgrant period. A tracking mechanism is used to ensure all subgrantee contracts are properly identified and monitored. Monitoring tools/checklists are used during each on-site monitoring review to provide guidance and to document a review was performed. The on-site monitoring workpapers are reviewed and approved by OM supervisory personnel prior to issuance of a written report, the Initial Report of Findings & Recommendations, which is used for communicating finding(s) and/or questioned costs to subgrantees. The written report should be issued within 30 working days from the date of the exit conference, which is normally held on the last day of the on-site review.

The *Code of Federal Regulations (2 cfr 200.328(a))*, states the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.331 Requirements for pass-through entities.

The *Code of Federal Regulations (2 cfr 200.328(b)(2))*, states the non-Federal entity must submit performance reports using OMB-approved government-wide standard information collections when providing performance information. As appropriate in accordance with above mentioned information collections, these reports will contain, for each Federal award, brief information on the following unless other collections are approved by OMB:
(i) A comparison of actual accomplishments to the objectives of the Federal award established for the period. Where the accomplishments of the Federal award can

be quantified, a computation of the cost (for example, related to units of accomplishment) may be required if that information will be useful. Where performance trend data and analysis would be informative to the Federal awarding agency program, the Federal awarding agency should include this as a performance reporting requirement.

(ii) The reasons why established goals were not met, if appropriate.

(iii) Additional pertinent information including, when appropriate, analysis and explanation of cost overruns or high unit costs.

The *Code of Federal Regulations* (*2 cfr 200.331(6)(b)*), states: Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate Subrecipient monitoring described in paragraph (e) of this section.

Additionally, the *Code of Federal Regulations (45 cfr 200.62),* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;

(a) Transactions are properly recorded and accounted for, in order to:
  (1) Permit the preparation of reliable financial statements and Federal reports;
  (2) Maintain accountability over assets; and
  (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

(b) Transactions are executed in compliance with:
  (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and

(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Furthermore, The *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Manual specifies that a satisfactory control environment is only effective when there are adequate control activities in place.

Condition

During testwork performed on subrecipient on-site monitoring for 84 subgrant contracts during state fiscal year 2019, auditor noted the following exceptions:

- During conversations with upper management of MDHS, auditor noted that prior Executive Director JD would circumvent controls of the monitoring process for certain subrecipients. Monitoring visits were called short and monitors were recalled to MDHS and reassigned if issues were found during monitor visits. This direct involvement of the former Executive Director and the disregard of controls resulted in a lack of integrity in the monitoring process. Monitoring reports could not be relied upon during testwork as auditors could not determine what, if any, appropriate monitoring actually occurred for subgrants. No other staff at MDHS reported to the Mississippi Office of the State Auditor that monitors were being recalled and controls were being circumvented by Executive Director JD. Additionally, testwork

determined widespread fraud, waste, and abuse at two of the largest subrecipients of TANF funds. Monitoring reports for prior year grants did not indicate any questioned costs at these subrecipients, regardless of the subrecipients repeatedly participating in unallowable activities. Auditors noted substantial violations of the Subgrant Manual by both MCEC and FRC in regards to asset purchases, indirect costs, allowable costs, etc. These violations and the fraud, waste, and abuse uncovered during the audit verify that subrecipients were not properly monitored.

- Seven contracts, or 8 percent, in which corrective actions were not received from the subrecipient within 15 working days from the date the report was issued, or auditor could not verify corrective actions were received timely due to lack of audit trail.
  - Corrective Actions for one contract were received 21 days from the Initial Monitoring Report (IMR),
  - For six contracts, auditor could not verify corrective actions were necessary, or received timely, due to lack of audit trail;

- Eleven contracts, or 13 percent, in which the IMR was not issued within 60 working days from the date of the exit conference, or auditor could not determine when it was issued due to lack of audit trail.
  - IMRs were issued between 66 and 261 days late, with an average of 124 working days after the exit conference took place;

- Six contracts, or 7 percent, in which the IMR was not included in monitoring file; therefore, supervisory approval prior to issuance of the report to the subrecipient could not be verified;

- Six contracts, or 7 percent, in which we were unable to determine if questioned costs had been completely resolved as of the date of testwork;

- Six contracts, or 7 percent, in which the auditor could not verify monitoring took place during the contract period due to lack of documentation in monitoring file;

- Twenty-five (25) contracts, or 30 percent, in which the Monitoring Supervisor Checklist was dated after the IMR letter, or was not included in the file, therefore Monitoring Supervisor Review Checklist approval prior to issuance of the IMR letter could not be verified;

- Five contracts, or 6 percent, in which the On-Site Monitoring review of the Subrecipient was not performed during the subgrant period;

- Three contracts, or 3 percent, in which the Subgrants were not monitored in federal FY 2018; and

In addition, the MDHS Office of Monitoring (OM) did not evaluate the risk of noncompliance of its subrecipients in order to perform monitoring procedures based upon identified risks, as is a requirement of Uniform Guidance.

Cause	Staff were either unaware or did not follow identified policies and procedures for monitoring requirement. Additionally, per documentation obtained by auditors, former Executive Director JD colluded with MDHS personnel to undermine the monitoring of subrecipients and circumvented controls in order to delay or stop monitoring of certain subrecipients.
Effect	MDHS programmatic funding divisions rely upon OM monitoring procedures to verify compliance with program regulations and to identify potential problem areas needing corrective action. Failure to properly monitor subreceipients in a timely manner could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in questioned costs.
Recommendation	We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring. OM should evaluate the risk of noncompliance of each subrecipient and perform monitoring procedures based upon identified risks. We also recommend the agency ensure subawards are monitored timely and that the "Report of Findings & Recommendations" prepared as a result of the on-site monitoring be issued in a timely manner to enable immediate corrective action procedures to be initiated. We further recommend that the agency maintain all supporting monitoring tools, reports, and correspondence in the monitoring file.
Repeat Finding	Yes – 2018-046 in 2018; 2017-037 in 2017; 2016-027 in 2016; 2015-005 in 2015; 2014-017 in 2014; 2013-015 in 2013.
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

Material Weakness
Material Noncompliance

2019-043	<u>Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with OMB Uniform Guidance Auditing Requirements.</u>
CFDA Number	10.551 Supplemental Nutrition Assistance Program 93.558 Temporary Assistance for Needy Families State Programs 93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 93.667 Social Services Block Grant 93.568 Low Income Home Energy Assistance Program
Federal Award No.	G1801MSTANF 2018 G1801MSSOSR 2018 G1701MSCCDF 2017 G17B1MSLIEA 2017 G1801MSCCDF 2018 G18B1MSLIEA 2018 SNAP – Letter of Credit

Federal Agency	U.S. Department of Agriculture, U.S. Department of Health and Human Services

Questioned Costs　None

Criteria　The Office of Management and Budget (OMB) Uniform Guidance states the pass-through entity is responsible for (1) ensuring that subrecipients expending $750,000 or more in Federal awards during their fiscal year have met the audit requirements of OMB Uniform Guidance and that the required audits are completed within nine months of the end of the subrecipient's audit period; (2) issuing a management decision on findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Additionally, the *Code of Federal Regulations (45 cfr 200.62),* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
    (1) Permit the preparation of reliable financial statements and Federal reports;
    (2) Maintain accountability over assets; and
    (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
(b) Transactions are executed in compliance with:
    (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
    (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition　During the audit of the Mississippi Department of Human Services (MDHS), auditor reviewed the Division of Program Integrity – Office of Monitoring (OM) audit files and Monitoring Tracking Document for MDHS Subgrantees for state fiscal year 2017. During our review, we noted the following weaknesses:

- Auditor noted the SFY 2017 Single Audit Tracking System utilized by the MDHS Office of Monitoring to track the status of OMB Uniform Guidance audits for DHS subrecipients does not include expenditures made by the sub-recipient nor does it include all sub-recipients who received federal funds from MDHS during FY 2017. The audit requirements of the *Code of Federal Regulations (2 cfr Part 200, subpart F)* are based on expenditures of Federal awards; therefore, subrecipients of MDHS could have expended Federal awards in excess of amounts that require a single audit that may have not been included on MDHS's tracking document. The agency was not able to provide an expenditure report to the auditors in order to ensure completeness of the monitoring files.

- Three instances in which the Office of Monitoring could not provide an OMB monitoring file for the sub-recipient; therefore, auditor could not determine compliance with OMB monitoring procedures;

- Nineteen (19) instances in which the Office of Monitoring failed to send out reminder letters within a timely manner. Reminder letters were mailed on February 6, 2019, on average 7.5 months after the due dates of audit reports; and

- Eighteen (18) instances where the OMB Uniform Guidance audit report for the subgrantee was not received by Office of Monitoring within nine months of the subgrantee's fiscal year end. Subgrantee audit reports were received on average 213 days after the nine-month deadline.

Cause	Staff were either unaware or did not follow identified policies and procedures for subrecipient monitoring related to Uniform Grant Guidance.
Effect	Failure to properly monitor subrecipients could allow noncompliance with federal regulations to occur and go undetected, potentially resulting in fraud, waste, and abuse within the agency.
Recommendation	We recommend the Mississippi Department of Human Services' Division of Program Integrity – Office of Monitoring (OM) strengthen controls over subrecipient monitoring for OMB Uniform Guidance audits to ensure recipients expending $750,000 or more in Federal funds during their fiscal year are appropriately monitored and that the appropriate federal audit is obtained. We further recommend that OM design a monitoring tool based on expenditures incurred by subrecipients to ensure all subrecipients are included on the tracking report and continue to follow-up with subgrantees in a timely to ensure compliance with audit requirements.
Repeat Finding	Yes – 2018-047 in 2018; 2017-038 in 2017; 2016-028 in 2016; 2015-009 in 2015; 2014-016 in 2014.
Statistically Valid	The sample is considered statistically valid.
View of Responsible Officials	

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SPECIAL TESTS AND PROVISIONS

Significant Deficiency

2019-044	<u>Controls Should Be Strengthened over the Review of Foster Care Maintenance Payment Rates and the Calculation of Foster Care Maintenance Payments.</u>
CFDA Number	93.658- Foster Care Title IV-E
Federal Award No.	G1801MSFOST 2018

G1901MSFOST 2019

Federal Agency	U.S. Department of Health and Human Services

Questioned Costs   None.

Criteria   *Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when there are adequate control activities in place. Effective control activities dictate that the agency perform a multi-level review of the rates being entered into Mississippi Automated Child Welfare System (MACWIS), as well as at least annual tests over MACWIS to ensure the system is properly calculating Foster Care Maintenance payments.

Additionally, the *Code of Federal Regulations (45 cfr 200.62),* states that a non-Federal entity must have internal control over compliance designed to provide reasonable assurance that;
(a) Transactions are properly recorded and accounted for, in order to:
  (1) Permit the preparation of reliable financial statements and Federal reports;
  (2) Maintain accountability over assets; and
  (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
(b) Transactions are executed in compliance with:
  (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
  (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
(c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

Condition   During testwork performed related to Foster Care Special Tests and Provisions, auditor noted that proper controls are not in place to ensure the accuracy of payment rates within the MACWIS system, nor are controls in place to ensure the accuracy of payment calculations.

Cause   Staff is unaware of the importance of an internal control structure.

Effect   Failure to implement proper internal controls could result in inaccurate payment rates and payment calculations.

Recommendation   We recommend the Mississippi Department of Human Services strengthen controls over the review of payment rates being entered into MACWIS, as well as perform tests over the accuracy of payment calculations within MACWIS.

Repeat Finding   No.

Statistically Valid   Sample is considered statistically valid.

View of Responsible Officials

OTHER AUDIT FINDING

In planning and performing our audit of the federal awards received by the Mississippi Department of Human Services for the year ended June 30, 2019, we considered internal control over compliance with the requirements that could have a direct and material effect on the major federal programs. Matters which require the attention of management were noted. These matters which do not have a material effect on the agency's ability to administer major federal programs in accordance with applicable laws, regulations, or provisions of contracts or grant agreements involve an immaterial instance of noncompliance and other internal control deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

Finding and Recommendation

ELIGIBILITY

Control Deficiency

OTH – 19-01	Controls Should Be Strengthened over Segregation of Duties and Granting Access to MAVERICS.
CFDA Number	93.558 Temporary Assistance for Needy Families State Programs
Federal Award	G1901MSTANF 2019
Federal Agency	U.S. Department of Health and Human Services
Questioned Costs	None.
Criteria	Good internal controls state that segregation of duties must be in place to help prevent and detect misappropriation of funds due to error or fraud. Because of the high percentage of employees with access to MAVERICS, it is necessary to maintain controls over who can both enter and approve benefits so that an unnecessary risk to MDHS does not exist. MAVERICS serves as the primary TANF computer interface for Eligibility determinations for the State of Mississippi.
	Under *TANF Eligibility Determination Process in Chapter 7, Certification and Authorization*, of the TANF policy published on the MDHS website, Authorization is an official act, usually performed by the county director or their designee, certifying as to the eligibility or continuing eligibility of any assistance payments group. The authorization requests the issuance of a TANF benefit and authorizes the expenditures of public tax funds.

Additional criteria from the MDHS Management Information Systems (MIS) Division policy states that system administrators will conduct Self-Audits of all user accounts on a semi-annual basis, at a minimum.

Condition

During testwork performed on MAVERICS User Access during fiscal year 2019, we noted the following:

- Of the 40 MAVERICS profiles examined, two instances were noted in which a RACF profile was active for a terminated employee; and

- Of the 40 MAVERICS profiles examined, two instances where employees had been inactive for more than 90 days.

Cause

Agency does not effectively follow policy or procedures for deleting or amending MAVERICS user access.

Effect

Failure to strengthen controls over MAVERICS access could allow basic TANF benefits can be certified/approved by personnel not authorized to certify/approve a payment.

Recommendation

We recommend the Mississippi Department of Human Services strengthen controls over access to MAVERICS.

Repeat Finding

Yes; OTH-18-04 in 2018; OTH–17-04 in 2017

Statistically Valid

No.

View of Responsible Officials

End of Report

SINGLE AUDIT FINDINGS

April 29, 2020

Shad White, State Auditor
State of Mississippi
Office of the State Auditor
P.O. Box 956
Jackson, MS 39205

Dear Mr. White:

Thank you for providing the Single Audit Findings for the Mississippi Department of Human Services ("MDHS") for our review and response, which we received on April 22, 2020. These 100-plus pages represent months of hard work by the Office of the State Auditor and will be essential in helping MDHS carry out its mission to serve the most needy and vulnerable among us. Importantly, as executive director, I want to personally thank you and your team for the diligent work on behalf of the State as we move together to continue to improve our systems and processes and to implement measures to correct issues identified from previous years.

Your detailed recommendations and findings are helpful. We have begun to work through the information provided and prepare these responses for MDHS and it is clear that we will not be able to respond fully in the short period of time permitted by your deadline of April 29, 2020. As your office is no doubt working with a limited staff to provide core essential operations due to the COVID-19 pandemic – as evidenced by the fact that we received these findings via Zoom video meeting – MDHS is likewise working with limited essential staff. Moreover, many of our staff are working remotely at this time and still others necessary to respond to the Single Audit findings are fully engaged in the critical work of ensuring relief is distributed to the most vulnerable in Mississippi during this pandemic.

Despite the unique circumstances, we have tried to provide the most complete response possible. We may supplement this response in the days ahead even though these responses may not be included in the version of the Single Audit Findings that will be placed on the State Auditor's website.

2019-030 <u>The Mississippi Department of Human Services Should Strengthen Controls to Ensure Compliance with Subrecipient Allowable Cost Activities.</u>

Response: MDHS **concurs** that it should strengthen controls to ensure compliance with subrecipient allowable cost activities of SNAP, CCDF, TANF and SSBG programs. Former Executive Director JD circumvented internal controls set in place by MDHS regarding procurement, monitoring, and other allowable costs controls to direct monies to certain subrecipients, who then directed federal monies to individuals associated with JD. Additionally, JD acted in an *ultra vires* manner and used his position as Executive Director to convince employees at MDHS to collude with him in circumventing controls. JD intentionally abused his position. As a result, MDHS employees charged with monitoring subrecipients/subgrantees failed to do so appropriately and also failed to review expenditures at the subrecipient level to ensure that costs were allowed and that activities held followed federal guidelines. Lastly, MDHS concurs that some personnel at MDHS either disregarded established policies and procedures or were not aware policies and procedures existed and unwittingly assisted JD in his scheme.

At the conclusion of FY2019, swift and immediate action was taken by MDHS to expose the intentional fraudulent scheme perpetrated by JD and some MDHS personnel, to prevent future intentional fraudulent behavior, and to restore trust in the public welfare system in Mississippi. Numerous actions were taken before June 2019 and additional measures have been implemented since then to address the deficiencies outlined in the Single Audit Findings, to prevent fraud and instill trust.

On or about June 21, 2019, Deputy Executive Director JB reported evidence of fraud and intentional misconduct to then Governor, PB's Chief of Staff. MDHS understands that the Governor's Office reported the same to the Office of the State Auditor, after which a criminal investigation ensued. That criminal investigation, and this expanded single audit covering multiple years, are the direct products of the initial report made by MDHS personnel to the Governor's Office.

Additionally, MDHS concurs with the recommendations of the OSA specifically as follows and incorporates those recommendations as the foundation for the MDHS Corrective Action Plan (CAP) related to this finding:
1) Pursue any legal remedies available against those that have contributed to the widespread fraud, waste and abuse detailed in this report;
   a. MDHS has partnered with the OSA criminal investigation since it was initiated in late June 2019 based on MDHS's self-report to the Governor's Office. MDHS has at all times cooperated fully by continuing to conduct an internal investigation and sharing all findings from that internal investigation with the OSA criminal investigators and continues to do so to the present date. The OSA criminal investigation has resulted in six indictments, including an indictment of former MDHS Executive Director, JD, and MDHS has been assured by the State Auditor and his staff that additional indictments are forthcoming. As cooperative partners in the OSA criminal investigation, it would be inappropriate for MDHS to initiate additional collateral criminal proceedings. Instead, MDHS supports the OSA criminal investigation through the full and continuing disclosure of all evidence as it is found. This demonstrates a united front for

the State of Mississippi as it prosecutes all intentional wrongdoing by former Executive Director JD and others involved in the scheme.

MDHS has and will continue to cooperate fully with the parallel federal investigation and the ongoing state criminal investigation.

b. Responsible Party: Executive Director Robert G. Anderson
c. Anticipated completion date: Pursuit was initiated in June 2019, completion date is impossible to determine at this time.

2) Pursue any legal remedies to seize property at MCEC and FRC that was purchased with federal monies in accordance with the policies of the *MDHS Subgrant Manual;*

a. The MDHS has suspended usual and customary closeout procedures for all 2019 subgrants with MCEC and FRC. Instead, MDHS has pursued an administrative closeout while our partners at the OSA completed the single audit and continued the aforementioned ongoing criminal investigation. In December 2019, prior to the criminal indictment of six conspirators, then MDHS Executive Director CF and General Counsel AS met with the OSA to inquire, among other matters, about the extent and nature of the findings related to MCEC and FRC to determine if the agency should proceed with issuing additional subgrants to each entity. At that time, MDHS learned for the first time that the extent and nature of misconduct by some MCEC principals was serious and egregious enough to warrant suspension of all funding to that entity. Future funding was immediately suspended awaiting finalization of the single audit and criminal investigations. At that time, the OSA was completing the MCEC audit, and had not yet begun to inspect FRC. MDHS suspended funding to FRC at that time based on concerns raised by OSA about the practices of former Executive Director JD.

MCEC: In early 2020, MDHS gave MCEC notice that all leases would be terminated, that all real property must be vacated by no later than March 31, 2020, and that all property, equipment, commodities, and any items purchased with MDHS grant monies must be returned to 750 North State Street. MDHS began to work with some MCEC personnel to inventory and secure all property at 750 North State Street. MDHS became aware, as a result of this OSA single audit report on April 22, 2020, of additional property allegedly purchased with federal grant funds. The alleged property was not reported on inventory lists produced by MCEC; MDHS is evaluating all legal options to pursue the additional property, including but not limited to a civil suit seeking assistance from the Mississippi Attorney General, FBI, and HHS-OIG.

b. Responsible Party: General Counsel Andrea Sanders
c. Anticipated completion date: Given the COVID-19 pandemic, it is impossible for MDHS to project a completion date for legal remedies at this time.

3) Procure an independent certified public accounting firm to conduct a widespread forensic audit of MDHS to determine the extent of fraud, waste and abuse in any other programs, as well as the TANF program, and of MCEC and FRC to support any attestation made by MDHS of the allowability of costs, and report any suspected criminal activity to the Mississippi Office of the State Auditor;

a. MDHS has begun the procurement process to conduct a widespread forensic audit spanning 1/1/16 through 12/31/19 as recommended by the OSA. On or about April 30, 2020, MDHS will send a Request for Information (RFI) to four nationally recognized Certified Public Accounting Firms with extensive experience in government fraud, waste and abuse auditing. Responses to the RFI are due thirty (30) days from the release date. Once the responses are received, a firm will be selected based on experience, capacity, and proposed cost. MDHS anticipates that the OSA will serve as a third party to the contract as a continuation of the ongoing cooperation between MDHS and OSA, and as an additional measure of transparency in the audit process. The RFI contemplates a 9-12 month timeframe for completion of the audit. Additionally, while the RFI limits the initial audit to TANF subgrants, it contains a provision to expand the audit into additional funding streams based on the findings and recommendations of the selected audit firm.

MDHS plans to share the findings as appropriate with federal oversight partners, the OSA, the Governor of the State of Mississippi, and any criminal prosecutorial authority as indicated. Additionally, MDHS plans to use all findings to continue to evaluate and strengthen the effectiveness of internal controls, and agency policies and procedures.

b. Responsible Party: Executive Director Robert G. Anderson

c. Anticipated completion date: Given that the RFI process has just begun and no forensic audit firm will be selected for at least another 30 days, it is impossible to project a completion date at this time.

4) Conduct internal investigations to determine how much former and current MDHS staff knew of and participated in the widespread fraud, waste and abuse, and report any suspected criminal activity to the Mississippi Office of the State Auditor;

a. The MDHS Office of Inspector General (OIG) initiated an internal investigation in the Spring of 2019. As indicated previously, the results of that investigation were reported by MDHS personnel to the Office of the Governor of Mississippi, and ultimately led to the current OSA criminal investigation. Since that time, the MDHS OIG and members of the Executive Management Team have continued to investigate and report information as it is found to the OSA.

The following key personnel changes have resulted from that investigation and the expanded investigation by the OSA:

1. On or about June 21, 2019, Governor PB suspended then Executive Director JD. JD's absence from the building allowed personnel at MDHS greater access to records, computers, and other electronic devices, all of which were secured, and immediately remitted to OSA investigators. Additionally, OSA investigators were given full access to MDHS email, accounts, internal records and correspondence. In early July 2019, JD announced his retirement effective July 31, 2019.

2. On August 1, 2019, CF, a retired FBI Special Agent in Charge, was named MDHS Executive Director. CF conducted his own internal investigation, and interviewed all Division Directors, Executive Director's Office personnel, and Executive Management Team. CF assembled a new Executive Management Team, including existing Deputy Executive Director of Program, moved the Inspector General to

Deputy Executive Director of Administration, appointed a new Inspector General, and created new positions of General Counsel and Special Assistant to the ED to assist with continued internal investigations. From July to September 2019, numerous personnel left the agency.

3. Governor TR was inaugurated January 14, 2020. Governor TR was briefed on the status of the ongoing investigation by the OSA and existing MDHS Executive Management Team.

4. March 4, 2020, RA was appointed as MDHS Executive Director by Governor TR, effective on March 16, 2020. RA was selected because of his extensive experience as a federal prosecutor and as a program integrity professional with extensive experience involving white collar crime, embezzlement, and public fraud, waste and abuse.

5. ED RA contracted with two retired investigators, one of them a former IRS CID agent and one a former investigator for a District Attorney's Office, to conduct an internal personnel investigation which includes, but is not limited to interviews of all Division Directors, Executive Management Team members, and other identified staff. That investigation is ongoing. All investigative reports will be made directly to ED RA. Expansion of the investigation will be at his discretion, and final reports will instruct all personnel decisions. ED RA will personally conduct interviews with all Executive Management Staff after the internal investigators make a final report. ED RA reviews all emails of internal staff if the internal investigation uncovers questionable actions taken by MDHS employees.

6. ED RA has completely redesigned the MDHS Executive Organizational Chart making the following changes:

    i. Created for the first time, an Office of Compliance, staffed with a Director with more than 20 years of experience in government compliance; a Policy Director; a senior attorney serving as the Civil Rights and Privacy Officer, and other support personnel.

    ii. Divided the responsibility of the Deputy Director of Programs into two positions to give each Director no more than three programs to administer, allowing for increased oversight and greater accountability of each program.

    iii. Additional changes may be made based on the completion of the internal investigation, internal interviews, e-mail review and observation of staff.

b. Responsible Party – Executive Director Robert G. Anderson

c. Anticipated completion date – completion of internal investigation set for May 15, 2020.

5) Strengthen existing controls to ensure full compliance with federal regulations;

MDHS concurs with this recommendation, and has taken or plans to take numerous measures to strengthen internal controls. This single audit was expanded to include FY2017 and FY 2018, therefore MDHS includes measures taken during or after the same timeframe. The measures include the following:

Creation of Office of Inspector General:

a. The Office of Inspector General (OIG) was created at the insistence of MDHS Deputy Executive Directors in response to concerns about irregularities in the contracting process, subrecipient award process, and claims payment directives coming from the Executive Director or his designees. OIG consolidated Program Integrity, Internal Audit, Quality Control, Monitoring, Administrative Appeals, and Investigations functions, and placed them under one Deputy Executive Director. Previously the functions had been separated and did not communicate with each other regularly, making it difficult to identify and respond to irregularities as they occurred. Once established, the OIG made key personnel changes, and revised processes within all functions.
b. Responsible Party: Deputy Executive Director David Barton
c. Completion Date: August 2018

Internal Investigation Prior to JD's Departure:

a. Covert Internal Investigation initiated by OIG with cooperation of the Deputy Executive Director of Programs, the CFO, Senior Attorneys assigned to the Executive Deputy Directors, and others. The investigation culminated in evidence that was reported to the Governor in June 2019.
b. Responsible Party: Deputy Executive Directors David Barton and Jacob Black
c. Completion Date: June 2019

Ongoing Investigations:

a. Internal Investigation continued by OIG with cooperation of the Deputy Executive Director of Programs, the Deputy Executive Director of Administration, the CFO, Senior Attorneys assigned to the Executive Deputy Directors, and others. After departure of former Executive Director JD, these individuals acquired access to documents previously not available. Once referred to OSA investigators, all supplemental documents discovered were produced that contained volumes of documentary, electronic, video, and accounting evidence. More recently, these documents have been provided to the OSA single audit team. MDHS continues to provide any evidence as discovered.
b. Responsible Party: Deputy Executive Director David Barton and Inspector General Hadley Eisenberger
c. Anticipated completion date: This is an ongoing process and it is not possible to project a precise completion date at this time.

Strengthened Internal Controls:

    a. MDHS provided the following trainings to MDHS employees with most occurring after former Executive Director JD was no longer associated with MDHS: initial purchasing process training, follow-up purchasing process training, subgrantee training for TANF subgrants, procurement training for division directors, budget training, fact sheet training, internal Budgets and Accounting training that included DFA training with the contract, payroll, accounts payable and account receivable units, internal audit training on identifying and conducting risk assessments for the division directors and other trainings. Additionally, MDHS has strengthened procedures concerning tracking of procurement requests, invoices, travel costs, and bank reconciliations. MDHS also published an Internal Audit Plan for 2020, which will be conducted on an annual basis. Please also see responses to 2019-030 (6) and 2019-030 (7) below for additional corrective actions implemented in relation to this recommendation.

    b. Responsible Party: Executive Director Robert G. Anderson

    c. Anticipated completion date: This is an ongoing process as the specified trainings will occur on a more frequent cycle.

6) Procure adequate and appropriate training for all staff who monitor any federal allowable costs and activities;

    a. Effective May 1, 2020, MDHS will establish an Office of Compliance, which will have both an internal compliance function and an external compliance function. Part of the role of the new Office of Compliance will be to educate subrecipients of allowable costs and activities allowed by them under existing state and federal regulations. The Office of Compliance will work in tandem with OIG and will ultimately assume responsibility for the quality control functions involving both SNAP and TANF and the monitoring functions involving subrecipients in those programs while OIG focuses on internal audits, investigations and administrative hearings. Please also see responses to 2019-030 (5) and 2019-030 (7) for additional corrective actions implemented in relation to this recommendation.

    b. Responsible Party: Executive Director Robert G. Anderson and Chief Compliance Officer Sandra Griffith

    c. Anticipated completion date: May 1, 2020

7) Increase awareness in subrecipients of allowable cost and activities allowed regulations.

    a. Complete Revision of the Subgrant Manual that includes MDHS approval of lower-tiered subrecipients, allow sixty-day cash advance with cost reimbursement thereafter only after submission of monthly general ledgers. Internal risk assessment will be performed on all subgrants. Competitive procurement procedures will be used for TANF subgrants and MDHS will provide technical assistance for subgrants, with subgrantee attendance at annual training performed by MDHS or partners required.

b. Responsible Party: Inspector General Hadley Eisenberger
c. Completion date: January 2020

2019-031   Strengthen Controls to Ensure Compliance with Allowable Cost Requirements of the Supplemental Nutrition Assistance Program (SNAP).

Response: MDHS **partially concurs** with the finding. The Agency concurs with the finding as it relates to the administrative costs of MCEC staff. While the administrative costs of these staff were approved by FNS in the SNAP Employment and Training (E&T) State Plan, MCEC failed to keep required documents to support the allocation of the administrative costs of these employees.

The Agency does not concur with the questioned training costs paid per eligible student for training by KLLM in accordance with the agency's SNAP E&T State Plan. MDHS staff served onsite at KLLM to determine SNAP eligibility for students in need of supplemental nutrition assistance and SNAP E&T eligibility for interested SNAP recipients. MDHS also determined eligibility for reimbursement based on SNAP E&T participation. MDHS then notified MCEC of students who were eligible to be included on the monthly billing roster. The agency only reimbursed for eligible SNAP recipients participating in the E&T in accordance with the agency's SNAP E&T State Plan.

The total number of SNAP E&T participants trained by KLLM equaled 160 and this number multiplied by the federally approved reimbursement rate equals $671,872.99.

Corrective Action Plan:

a. For corrective steps related to proper monitoring of subrecipients such as MCEC, please refer to the agency's response to Finding 2019-030 above. Also, MHDS has terminated the SNAP E&T agreement with MCEC effective February 10, 2020.
b. Responsible Party: Work Force Development Director Sandra Giddy
c. Anticipated completion date: The removal of MCEC as a subrecipient was effective February 10, 2020; other ongoing corrective measures and anticipated completion dates appear in the agency's response to Finding 2019-030 above and are incorporated herein.

2019-032   Controls Should Be Strengthened to Ensure Compliance with Allowable Cost Requirements of the TANF Program.

Response: MDHS **partially concurs** with the Law of 16 finding, **partially concurs** with the Heart of David finding, and **concurs** with the Restore2/Recover2 finding.

Corrective Action Plan: Law of 16

a. MDHS did not agree with Law of 16 content or the actual training in general; however, hotel room costs are allowable and those costs were properly apportioned across the

Agency cost pool. MDHS does agree Law of 16 conference costs should have only been paid once against the TANF grant. MDHS also agrees that entertainment and branded items are not allowable costs. MDHS will implement training for MDHS staff and MDHS subgrantees regarding allowable TANF cost activities.

b. Responsible Party: CFO Bridgette Bell
c. Anticipated completion date: Please refer to MDHS response to 2019-030 above on all measures already taken by MDHS and all future corrective actions.

Corrective Action Plan: Heart of David (HOD)

a. MDHS does concur that the HOD subgrant lacked performance metrics. MDHS partially concurs that the HOD scope was inadequate. MDHS does concur that HOD did not provide certification of the restriction on conducting religious activities with federal monies. MDHS does concur that conflict of interest may exist due to prior Executive Director JD's personal relationship with an officer of HOD. MDHS updated its Subgrant Manual and subgrant process to address the above issues. MDHS will identify any faith-based organization during the award process and provide guidance on required documentation to ensure each subgrantee's certification of the restriction against conducting religious activities with federal monies. MDHS recovered ended its relationship with HOD on December 31, 2019, and has no other subgrant agreements with HOD. MDHS recovered property purchased by HOD through its MDHS subgrants at an estimated value of $39,000.
b. Responsible Party: CFO Bridgette Bell will be the point of contact on this CAP.
c. Completion Date: Please refer to MDHS response to 2019-030 above on all measures already taken by MDHS and all future corrective actions.

Corrective Action Plan: Restore2/Recover2

a. MDHS concurs with the Restore2/Recover2 finding. MDHS notes that "Recover2" was a typographical/clerical error that has been corrected. Since September 2019, MDHS implemented a requirement that procurement and contracting requests for personal services contracts be electronically submitted through a single point of entry (SPE) via SmartForm link. Through that requirement, any requests submitted through the SmartForm must be initiated only from the appropriate MDHS programmatic or administrative division level. Only properly submitted requests are received through this SPE originating from appropriate MDHS programmatic or administration divisions, then requests are processed for procurement. MDHS Executive Management level staff may not submit procurement and contracting requests for personal services contracts through this SPE.

In March 2019, MDHS provided training to MDHS Division Directors regarding State procurement laws and regulations as well as MDHS internal procurement processes. MDHS procurement staff have completed the Certified Mississippi Purchasing Agent training offered by the Mississippi Department of Finance & Administration's Office of Personal Service Contract Review Board (OPSCRB). MDHS plans to have all procurement staff trained and certified through this program by December 31, 2020, or as soon as practicably possible based on the OPSCRB training schedule.
b. Responsible Party: CFO Bridgette Bell

c. Completion Date: Please also refer to MDHS response to 2019-030 above on all measures already taken by MDHS and all future corrective actions for anticipated completion date.

2019-033 <u>Controls Should be Strengthened to Ensure Compliance with Allowable Cost Requirements of the CCDF Cluster.</u>

Response: MDHS **partially concurs** that controls should be strengthened to ensure compliance with eligibility and benefit payment requirements of the CCDF Cluster.

Corrective Action Plan: Eligibility Determination

    a. DECCD worked with MDHS OIG to establish a dedicated team of three staff reviewers and one supervisor who currently conducts 150 monthly case reviews as part of the standard operating procedure that commenced in September of 2018. Also in September of 2018, the OIG quality control team began holding monthly meetings with childcare supervisors to discuss staff errors, missing documentation, and any improper payments. The OIG quality control team worked with DECCD to develop an additional quality control review focusing on a provider review procedure that focuses on monitoring provider attendance records and copayments. This process involves OIG monitors going onsite to a provider's location to review attendance and copayment records. The monitoring procedures and the technology needed to support the monitoring process were fully implemented in December 2019. The monitoring was initiated and this process is currently being reviewed to determine how the process can be further scaled to expand the monitoring of providers. As a result of these steps including adding additional staff and developing new procedures to our quality control program, the payment error rate has decreased from 36.43% in FFY 2014, to 27.7% in FFY 2017 to 5.61% for FFY 2019, which is well below the allowable federal error rate of 10%. The steady decline in payment error rates indicates that the quality control program has made vast improvements and will continue to do so in the future.

    b. Responsible Party: Division Director of DECCD, Kristi McHale

    c. Anticipated completion date: The corrective action plan has already been implemented and will continue moving forward.

Corrective Action Plan: Subgrant Questioned Costs

    a. MDHS concurs that internal controls should be strengthened to ensure the expenditures charged under the grant are allowable and supported. DECCD has already taken corrective action by hiring Mary Littles, DECCD Director of Finance. She is specifically responsible for reviewing submitted claims forms and supporting documentation to ensure compliance.

    b. Responsible Party: Division Director of DECCD, Kristi McHale

    c. Anticipated completion date: This corrective action is already completed. Please also refer to MDHS response to 2019-030 for all measures already taken by MDHS and all future corrective actions.

2019-034   Strengthen Controls Over Review of Computations and Data for Allowable Cost Activity Used in the Manual Cost Allocation Process and Review of Indirect Costs Allocated to Federal Programs.

Response: MDHS **concurs** that controls need to be strengthened over review of computations and data for allowable cost activity used in the manual cost allocation process and review of indirect costs allocated to federal program.

Corrective Action Plan:

a. MDHS is currently implementing new procedures to include automated cost allocation. Currently, those procedures are in the test phase.
b. Responsible Party: CFO Bridgette Bell
c. Anticipated completion date: October 1, 2020. Please also refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.

2019-035   Controls Should Be Strengthened to Ensure Compliance with Cash Management Requirements of the TANF Program.

Response: MDHS **concurs** that controls should be strengthened to ensure compliance with cash management requirements of the TANF program.

Corrective Action Plan:

a. Please refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.
b. Responsible Party: CFO Bridgette Bell
c. Anticipated completion date: This is an ongoing process and it is not possible to project a precise completion date at this time.

2019-036   Controls Should Be Strengthened to Ensure Compliance with Eligibility and Benefit Payment Requirements of the CCDF Cluster.

Response: MDHS **concurs** that controls should be strengthened to ensure compliance with eligibility requirements of the CCDF Cluster.

Corrective Action Plan:

a. The Division of Early Childhood Care and Development (DECCD) worked with the MDHS OIG to establish a dedicated team of three staff reviewers and one supervisor who currently conduct 150 monthly case reviews as part of the standard operating procedure that commenced in September 2018. Also in September 2018, the OIG

quality control team began holding monthly meetings with childcare supervisors to discuss staff errors, missing documentation and any improper payments. The OIG quality control team worked with DECCD to develop an additional quality control review process focusing on a provider review procedure that requires monitoring provider attendance records and copayments. This process involves OIG monitoring personnel going onsite to a provider's location to review attendance and copayment records. The monitoring procedures and the technology needed to support the monitoring process were fully implemented in December 2019. The monitoring was initiated and this process is currently being reviewed to determine how the process can be further scaled to expand the monitoring of providers. As a result of these steps, including adding additional staff and developing new procedures to our quality control program, the payment error rate has decreased from 36.43% in FFY 2014, to 27.7% in FFY 2017 to 5.61% for FFY 2019, which is well below the allowable federal error rate of 10%. The steady decline in payment error rates indicates that the quality control program has made vast improvements and will continue to do so in the future.

b. Responsible Party: Division Director of DECCD, Kristi McHale
c. Anticipated completion date: The corrective action plan has already been implemented and will continue in place moving forward.

2019-037: <u>Controls Should Be Strengthened to Ensure Compliance with the Matching Requirements of the CCDF Cluster.</u>

Response: MDHS **concurs** that controls should be strengthened to ensure compliance with the matching requirements of the CCDF Cluster.

Corrective Action Plan:

a. The CCDF Cluster enters into subgrant agreements, also called slot agreements under an RFP issued in 2015. The agreements require a 25% match, which may be met by an in-kind match. DECCD will request supporting documentation from the current slot providers. The slot agreements will expire on August 31, 2020 and the program does not intend to issue new slot programs at this time.
b. Responsible Party: Division Director of DECCD, Kristi McHale, and CFO Bridgette Bell
c. Anticipated completion date: October 1, 2020. Please also refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.

2019-038 <u>Controls Should Be Strengthened to Ensure Compliance with the Period of Performance for the CCDF program.</u>

Response: MDHS **concurs** that controls should be strengthened to ensure compliance with the period of performance for the CCDF program.

Corrective Action Plan:

a. Correspondence will be sent to all subgrants that fit this category that new procedures will be implemented concerning subgrantee closeouts to be submitted in a shorter timeframe for the agency to adequately meet liquidation period.
b. Responsible Party: Division Director of DECCD, Kristi McHale, and CFO Bridgette Bell
c. Anticipated completion date: October 1, 2020. Please also refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.

2019-039 <u>Strengthen Controls Over Procurement Policies and Awarding Subgrants for the TANF Program.</u>

Response: MDHS **concurs** that it needs to strengthen controls over procurement policies and awarding subgrants for the TANF program.

Corrective Action Plan:

a. Since September 2019, MDHS implemented a requirement that procurement and contracting requests for personal services contracts be electronically submitted through a single point of entry (SPE) via SmartForm link. Through that requirement, any requests submitted through the SmartForm must be initiated only from the appropriate MDHS programmatic or administrative division level. Only properly submitted requests sent through this SPE originating from appropriate MDHS programmatic or administrative divisions are processed for procurement. MDHS Executive level staff may not submit procurement and contracting requests for personal services contracts through this SPE.

In March 2019, MDHS provided training to MDHS Division Directors regarding State procurement laws and regulations as well as MDHS internal procurement processes. MDHS procurement staff have completed the Certified Mississippi Purchasing Agent training offered by the Mississippi Department of Finance & Administration's Office of Personal Service Contract Review Board (OPSCRB). MDHS plans to have all procurement staff trained and certified through this program by December 31, 2020 or as soon as practicably possible based on the OPSCRB training schedule.
b. Responsible Party: CFO Bridgette Bell
c. Anticipated completion date: December 31, 2020. Please also refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.

2019-040 <u>Controls Should Be Strengthened Over Procurement of Subrecipients for SNAP.</u>

Response: MDHS **concurs** with the finding due to information recently brought to the attention of the agency after the management response was completed and agrees with the need for written policies related to the assessment of Skills2Work partners.

Corrective Action Plan:

    a. The agency will prepare written policies and procedures for the procurement process for the Skills2Work program.
    b. Responsible Party: Work Force Development Director, Sandra Giddy
    c. Anticipated completion date: October 1, 2020. Please refer to MDHS response to 2019-30 above on all measures already taken by MDHS and all future corrections action.

2019-041   <u>Controls Should Be Strengthened over the Submission of Required Federal Reports for the TANF Program.</u>

Response: MDHS **partially concurs** that controls should be strengthened over the submission of required federal reports for the TANF program.

Corrective Action Plan:

    a. MDHS disagrees that the submission of the T-199 report, QE on December 31, 2018, was done so untimely. MDHS submitted said report by the due date; however, ACF failed to respond to the submission of the report until July 2019. At that time, ACF notified the agency that ACF failed to have all required data needed for submission. Thus, at that time MDHS amended the original submission. Supporting documentation was provided in the management response regarding this finding.

       MDHS does agree that the T-199 report, QE on June 30, 2019 was provided six (6) days late due to an employee responsible for submitting the data file excused from work due to jury duty. Upon his return, said report was submitted. New procedures have been established to ensure multiple employees know the process.
    b. Responsible Party: Economic Assistance Division Director, Mark Williamson, and Chief Information Officer, Mark Allen
    c. Anticipated completion date: June 30, 2020

2019-042   <u>Controls Should be Strengthened over On-Site Monitoring for SNAP, TANF, CCDF, LIHEAP, and SSBG Programs.</u>

Response: MDHS **concurs** that controls should be strengthened over On-Site monitoring for SNAP, TANF, CCDF, LIHEAP, and SSBG Programs.

Corrective Action Plan:

    a. Please refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.
    b. Responsible Party: Chief Compliance Officer, Sandra Griffith, and Inspector General, Hadley Eisenberger
    c. Anticipated completion date: May 1, 2021, along with measures in response to 2019-30.

2019-043   Strengthen Controls Over Subrecipient Monitoring to Ensure Compliance with OMB Uniform Guidance Auditing Requirements.

Response: MDHS **concurs** that it needs strengthen controls over subrecipient monitoring to ensure compliance with OMB Uniform Guidance auditing requirements.

Corrective Action Plan:

a. Please refer to MDHS response in 2019-030 on all measures already taken by MDHS and all future corrective actions.
b. Responsible Party: Chief Compliance Officer, Sandra Griffith, and Inspector General, Hadley Eisenberger
c. Anticipated completion date: May 1, 2021. Please refer to MDHS response to 2019-30 above on all measures already taken by MDHS and all future corrections action.

2019-044   Controls Should Be Strengthened over the Review of Foster Care Maintenance Payment Rates and the Calculation of Foster Care Maintenance Payments.

Response: On behalf of CPS, MDHS **concurs** that controls should be strengthened over the review of foster care maintenance payment rates and the calculation of foster care maintenance payments.

Corrective Action Plan:

a. In addition to the individual case reviews in place, MDCPS will put a secondary review in place to ensure a multi-level review of the rates being entered into MACWIS. Additionally, MDCPS will put at least an annual test of MACWIS in place to ensure the system is processing payments correctly. This test will include a review of sample payments to ensure payments were calculated correctly by the system.
b. Responsible Party: MDCPS, Kris Jones
c. Anticipated completion date: October 1, 2020

Although this has been a tedious and lengthy undertaking, we appreciate the cooperative process and attention to detail demonstrated during the audit work conducted by Stephanie Palmertree and other field staff throughout the audit. As noted earlier, these findings and the corrective actions set forth herein will be critical to the Mississippi Department of Human Services' efforts to regain control of internal operations and restore trust in the agency's mission of providing crucial assistance to Mississippi's most vulnerable population.

Sincerely,

Robert G. Anderson

Robert G. Anderson
Executive Director
RGA: mm

Appendix: V
Hundreds of Thousands of Dollars for State Employees' Cell Phones That Rarely Get Used

MISSISSIPPI

Cost Analysis of Cell Phones in Agencies
A Limited Review

August 2022

SHAD WHITE
State Auditor

Jessica D. McKenzie
Director, *Government Accountability Division*

Can State Government Reduce Costs on Cell Phones?

The Office of the State Auditor (OSA) performed a cost analysis on cell phones for select state agencies. The objective of this analysis was to determine if the expenditures for cell phones were justified. Analysts reviewed cost, justification, and usage, then identified steps state agencies can take to monitor and reduce costs.

Results of Cost Analysis

OSA identified potential annualized savings of $344,000 at five (5) state agencies. The budgets for these five (5) agencies represent 74% of total state appropriations ($17.3B) for fiscal year 2021. Should the remaining agencies who represent 19% of total state appropriations ($4.4B) have a cost analysis performed, then the potential for the annualized savings could be greater.[1] Analysts reviewed 2,123 cell phones and identified over 32 different pricing structures.[2] There were 653 (30%) cell phones with little or no usage and 1,470 (70%) of cell phones being regularly used.

The savings quantified in this report were based on cell phone data provided by five (5) agencies over a one month period (June 2021) for one cell phone carrier per agency (see methodology section for full details). The Exhibit below represents the sample invoices (June 2021) annualized for cell phone services.[3]

Phones with zero minutes or some use may present an opportunity for cost savings. Phones with monthly use of zero minutes or of only 1 to 50 minutes should be reviewed to determine if these phones are needed. The potential annualized savings for phones with 50 minutes or less (including zero minutes) equals $344,000. This represents potential annualized savings of $30,000 for zero minute use phones and $314,000 for phones with 1 to 50 minutes of use. **Cell phone plans are another opportunity for cost savings**. Some agencies have mid-level to higher priced phone plans for a majority of their phones. Phones with zero minutes to some usage could be considered for a lower priced phone plan.

Exhibit
Annualized Cell Phone Costs

Zero Minutes 4% ($30 K)
Some Use 26% ($314 K)
Regular Use 70% ($804 K)

- Zero Mins
- 1 to 50 Mins
- 51 Mins or >
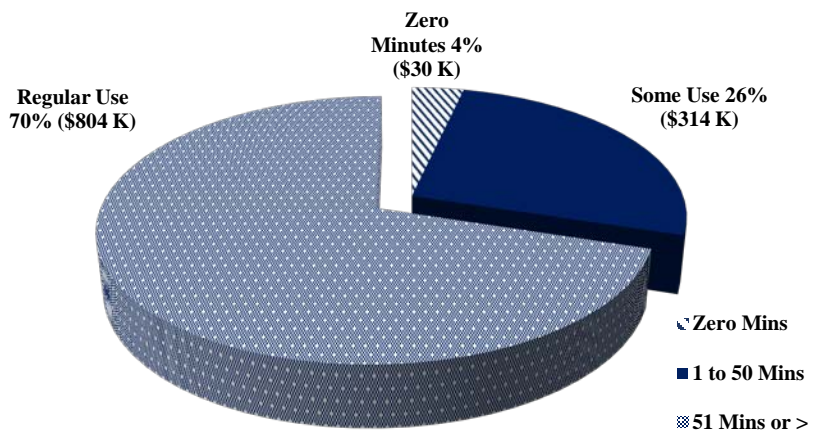
Source: Prepared by Analysts using cell phone data provided by MDE, MDOT, MSDH, MSDHS, and MDPS.

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[1] The total state appropriations for fiscal year 2021 are $23.3B, of which 7% ($1.6B) represents allocations for debt payments, boards and commissions.

[2] The average cost per cell phone was calculated based on June 2021 sample invoices. This average cost per unit is used in the potential annualized savings calculations for cell phones.

[3] Since some invoices include phone lines for services other than cell phones (i.e., equipment, modems, ipads, etc.), the sample of June 2021 invoices were annualized, in order to represent cost for cell phones for a year. Regular use cost represents approximately $804,000 while some use cost is $314,000 and no use is $30,000.

Recommendations for All State Agencies

Additional savings can be realized if all state agencies review and implement some of the recommendations listed below:

These are questions agencies can ask to see if they can save on cell phones costs:

- ➢ **How many cell phones does your agency pay for?** Know what you are paying for cell phones. How are invoices approved for payment each month?
- ➢ **Is there justification for the phone?** Which employees need the phone? Do they work out of the office, after hours, and/or are they on-call? Can cell phones replace land lines?
- ➢ **How many different phone plans does your agency have?** Are all these plans necessary? Does your agency have a majority of employees on the more expensive plan?
- ➢ **How many minutes are being used each month?** Is the current plan meeting the needs of the user?
- ➢ **How many phones are not used very much?** Why are they not used? Does the lack of regular use justify the cost?
- ➢ **Can any high use patterns be identified?** What type of usage is it: call minutes, text messages, data transfers, data free streaming? Is high usage during non-work times?
- ➢ **Have cell phone needs for the agency changed?** Has the demand for cell phones in the agency increased or decreased? Have employees transferred to a new agency?[4] Are inventory records up to date? Is the new billing verified for changes? Are all phones in use justified for continued use?

Ways to save money related to cell phones

- ➢ **Keep it cost effective and manageable**. Choose lower cost plans to meet the needs of the majority of users and save money. Have fewer plans.
- ➢ **Maintain oversight of cell phone usage**. Review usage on a periodic basis in order to make sure the agency costs are justified. Are the phones being used? Does the plan still meet the need of the user the way it was intended? Is it possible that phones once serving a need are no longer needed (i.e., COVID-19)? Turn in phones no longer needed or used.
- ➢ **Provide procedures and direction**. Have procedures in place to communicate expectations of the agency regarding the approval process for obtaining a cell phone, use of the phone, and the process for payment and oversight of usage. For example, keep an up to date cell phone inventory that can be used to help process approval of the cell phone invoice. The number of cell phones in inventory should agree with the number of cell phones charged on the invoice.

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[4] Because of HB 2825, at the end of FY 2021 all equipment and cell phones were to transfer along with the MDOT Law Enforcement personnel from MDOT to MDPS. Link: https://legiscan.com/MS/bill/SB2825/2021

Methodology

After reviewing the budgets for all state agencies for fiscal year 2021, the Office of the State Auditor selected agencies based on the top five highest percentage of state appropriations and a higher number of employees.[5] The objective was to determine if cell phone costs within each agency were justified.

Surveys were sent to each agency requesting an inventory of mobile devices (i.e., cell phones) and copies of the carrier invoices for the fiscal year 2021. Carrier invoices from each agency were reviewed and a common carrier in each agency was selected for comparability. For agencies having more than one account per carrier, the account with the largest dollar amount was selected. Usage activity for call minutes was extracted from these June 2021 invoices. From each listing of phone numbers, minute usage was reviewed for phone numbers identified as cell phones.[6]

Minutes of usage were grouped by three categories:

➤ Zero minutes[7] ("no use"), minutes of usage
➤ One minute to 50 minutes ("some use"), and
➤ From 51 minutes or higher ("regular use").

While job descriptions and job titles were reviewed, justification for need of a cell phone was not always clear from the documentation provided. As a result, this review summarizes justification based on the usage of cell phone activity paid for by each agency for the month of June 2021.[8]

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[5] This report includes cost analysis results for the following select state agencies: MS Department of Education ("MDE"); MS Department of Transportation ("MDOT"); MS Department of Health ("MSDH"); MS Department of Human Services ("MSDHS"); and MS Department of Public Safety ("MDPS"). For purposes of this cost analysis, the Schools for the Deaf and Blind were not included in the review of MDE, Child Protective Services was not included in the review of MSDHS, and the Bureau of Narcotics was not included in the review of MDPS.

[6] Each select state agency submitted an inventory of mobile devices to OSA. The descriptions of mobile devices found in these inventories were used to identify cell phones for the cost analysis. If no description was provided for a phone number in inventory, yet the phone number appeared on the carrier invoice, the usage detail was reviewed. If there were voice minutes, they were considered cell phones and included in the analysis.

[7] Phone numbers identified as cell phones with no activity are considered zero minutes.

[8] It is possible an employee may have a cell phone with regular usage, yet not be justified to have a cell phone if they do not work outside the office, are not on call or are not available 24/7 for emergencies.

Appendix: VI
Books for Public Libraries Teaching Children Controversial Material

MISSISSIPPI HUMANITIES

MHC Announces Anti-Racism Reading Shelf Program for Public Libraries

Posted on September 1, 2020

In the response to the national conversation about systemic racism prompted by the murder of George Floyd and other incidents, the Mississippi Humanities Council is launching a special grant program to help Mississippi public libraries purchase books on the history of white supremacy and how to create a racially equitable society. These Anti-Racism Reading Shelf grants will provide at least $500 to interested public library systems.

Working with the Mississippi Library Commission and humanities scholars, the MHC has compiled a suggested reading list of over 120 books libraries can choose from, including works by scholars like Eric Foner, Isabel Wilkerson, and Henry Louis Gates. The list also includes contemporary Mississippi writers like Angie Thomas, Jesmyn Ward, and Kiese Laymon, whose fiction and memoir help inspire empathy in White readers with their honest accounts of the experiences of Black Americans.

"We created this program because we believe books and ideas can change lives. We know there is tremendous demand for books and programs about how we can understand and overcome our history of racism," said MHC Executive Director Stuart Rockoff. "We are pleased to be able to help our state's public libraries address these important issues."

The MHC is creating a special section of its Speakers Bureau so libraries can bring in scholars to discuss topics related to systemic racism while the Council's minigrants

![Mississippi Humanities logo]

The short, one-page application and the suggested reading list are available on the [MHC website](). Applications from public library systems will be accepted beginning Sept. 1. The deadline for applying is Sept. 30.

Funds to support the Anti-Racism Reading Shelf program come from the National Endowment for the Humanities and private donations.

[Previous: MHC Receives Mississippi Arts Commission Grant to Support Family Reading Programs]()

[Next: MHC Announces $29,000 in Anti-Racism Reading Shelf Grants for Public Libraries]()

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Appendix: VII
Millions in Education/Health Benefits to Illegal Immigrants

MISSISSIPPI

SHAD WHITE
STATE AUDITOR

How Illegal Immigration Hurts Mississippi Taxpayers

August 2024

Logan Reeves
Director
Government Accountability Division

Keerthin Karthikeyan, Wilson Davis
Contributors

Executive Summary

Illegal Immigration is a challenge all 50 states face. According to experts from Yale and MIT, 22.1 million illegal immigrants lived in the United States in 2016.[1] Experts acknowledge the number of illegal immigrants in the United States is expected to grow when 2023 and 2024 data becomes available.[2] As of 2022, researchers estimate that illegal immigrants make up 3.3% of the nation's population.[3]

Illegal immigration creates a financial burden for taxpayers across the country, but the cost of illegal immigration is not borne solely by the federal government.[4] Taxpayers from each state—including Mississippi—must face the reality of increased spending as a result of crisis-level illegal immigration.[5] By combining data from different federal agencies, **analysts from the State Auditor's office estimate at least 22,000 illegal immigrants currently live in Mississippi.**[6] Figure 1 illustrates the breakdown of the foreign born population in Mississippi.

Figure 1: 2022 Foreign-Born Population in Mississippi

2%

34%

24%

41%

Legal Permanent Residents, Visa Holders, & Family

Recent Naturalizations

Foreign-Born US Citizens

Illegal Immigrants
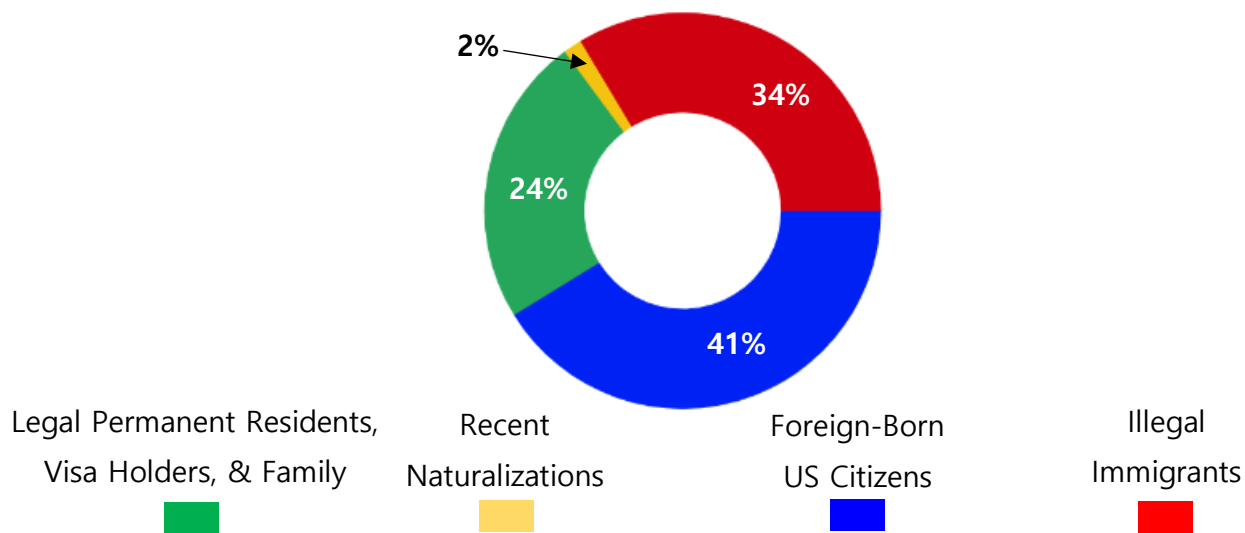
In 2006 and 2007, the Office of the State Auditor issued reports on the cost of illegal immigration.[7] This latest report breaks down the taxpayer cost of illegal immigration in Mississippi today. **Using conservative estimates, analysts estimate illegal immigration costs Mississippi taxpayers over $100 million annually.** Spending on education, healthcare, and public safety drives this cost.

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[1] See report.
[2] See report.
[3] See report.
[4] See report.
[5] See report.
[6] See Census Bureau and Office of Homeland Security Statistics data.
[7] See 2006 and 2007 reports.

Education

The Mississippi Department of Education is prohibited from collecting citizenship information from K-12 students or their families.[8] However, analysts used information collected by the University of Mississippi's Population Studies Center to project approximately 2,500 illegal immigrants attend K-12 public schools in Mississippi.[9]

In 2024, the Mississippi Legislature passed the new Mississippi Student Funding Formula (MSFF). This new funding formula allocates money to schools based on the number of students enrolled, with extra funding being allocated for certain students.[10] Analysts used this number to calculate the amount of taxpayer money spent on educating illegal immigrants in Mississippi.

In addition to the standard amount of spending per student that would flow to illegal immigrant students, those students may be eligible for additional appropriations based on their knowledge of the English language. English Language Learners (ELL)—students who struggle with English proficiency—are allocated 15% more funding than the base student cost in the MSFF. [11] Analysts calculated that the formula allocates approximately $18.5 million for the 18,500 ELL students statewide.[12] **Of that extra spending on ELL students, $2.6 million would likely go toward educating illegal immigrants.**[13] Figure 2 shows the cost of providing extra funding for illegal immigrant students as a portion of the extra funding for all ELL students.

Figure 2: ELL Funding for Citizens vs Illegal Immigrants

86%
$15.9 Million

14%
$2.6 Million

US Citizens   Illegal Immigrants

---
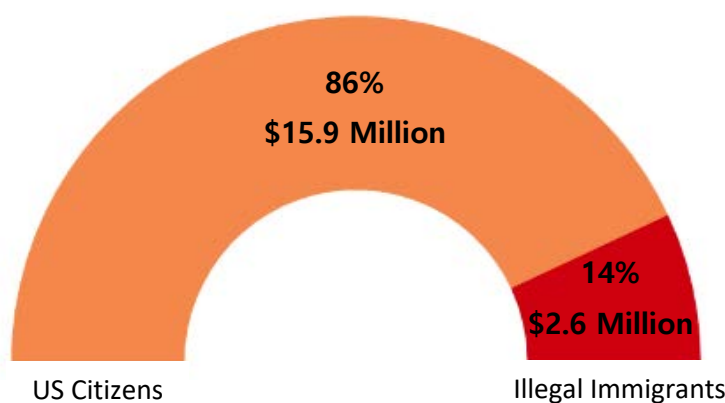
[8] See Plyler v. Doe.
[9] See University of Mississippi Center for Population Studies website.
[10] See HB 4130.
[11] Ibid.
[12] This data was provided by the Mississippi Department of Education.
[13] This data was provided by the University of Mississippi's Center for Population Studies.

Low-income students are also eligible for extra state funding. Students who qualify as low-income are allocated 30% more funding than the base student cost in the MSFF.[14] **Analysts project this additional education spending on illegal immigrants costs Mississippi taxpayers another $5 million or more annually.**

In K-12 spending alone, in total, Mississippi taxpayers likely pay $25 million to educate illegal immigrants each year. Importantly, this estimate does not include the cost to educate the US-citizen children born to illegal immigrants, which is difficult to estimate given the state's inability to collect citizenship data for students and their families.

Figure 3

$$MSFF\ Base\ Student\ Cost\ \times\ Number\ of\ Illegal\ Immigrant\ Students$$

$$\rightarrow$$

$$\$6,695.34 \times 2,500 = \$17\ Million$$

$$\rightarrow$$

$$\$17\ Million + ELL\ Student\ Supplement + Low\ Income\ Student\ Supplement = \$25\ Million$$

Healthcare

The Emergency Medical Treatment and Active Labor Act (EMTALA) guarantees everyone in the United States is allowed emergency medical treatment. Uncompensated care costs—the cost of treating people without health insurance—for Mississippi's publicly owned hospitals was over $318 million in 2022.[15] When uncompensated care is provided by publicly owned hospitals, the losses incurred are passed directly to the taxpayers, in addition to contributing to higher health insurance premiums, increased wait times, etc.

Approximately 50% of illegal immigrants have no health coverage.[16] Further, 38% of illegal immigrants rely on emergency medical services for primary care.[17] According to the Mississippi Department of Health, the average cost of an emergency room visit (no insurance/self-pay) is $4,100.[18] Using these figures, analysts projected a range for the annual taxpayer costs of uncompensated care provided to illegal immigrants in Mississippi. Figure 4 takes a percentage of the illegal immigrant population and shows the costs of

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[14] See HB 4130.
[15] See Mississippi Hospital Association dashboard.
[16] See report.
[17] See report.
[18] This data was provided by the Mississippi State Department of Health. Self-pay indicates a patient without health insurance or one who chooses to pay out of pocket.

emergency room visit(s). For example, if 50% of the illegal immigrant population (or all uninsured illegal immigrants) in Mississippi visit the ER only once in a year, taxpayers are responsible for picking up the $45 million tab.

Figure 4		
Percent of Illegal Immigrant Population	Cost of One Emergency Room Visit	Cost of Three Emergency Room Visits
50%	$45,119,000	$135,356,000
38%	$34,291,000	$102,875,000
25%	$22,460,000	$67,681,000
10%	$9,088,000	$27,265,000

Notably, uninsured pregnant women have higher rates of emergency visits than women who have private insurance.[19] EMTALA guarantees emergency health care for these women. This means taxpayers likely face an outsized cost for healthcare provided to pregnant illegal immigrants. Additionally, analysts estimate nearly 2% of all births in Mississippi are to illegal immigrants.[20] **These births to illegal immigrants likely cost Mississippi taxpayers over $4 million each year.** Figure 5 shows this estimate.

Figure 5	
Births to Uninsured Illegal Immigrant (Estimated)	330
Average cost for birth (2020)[21]	$12,400
Estimated cost to taxpayers	$4 Million

Children born to illegal immigrant parents are citizens of the United States and immediately eligible to apply for Medicaid. Given the incentive for hospitals to generate revenue for services provided, many of these children are likely enrolled in Mississippi's Medicaid program. Assuming a constant number of children born to illegal immigrants each year in Mississippi, taxpayers will spend up to $28 million annually providing Medicaid services to the US-citizen children of illegal immigrants as these children grow up. **Combined, Mississippi taxpayers likely spend up to $77 million on healthcare for illegal immigrants and their children each year.**

Public Safety

Federal immigration enforcement agencies, such as Immigration and Customs Enforcement (ICE), should work in conjunction with state and local law enforcement to identify and detain illegal immigrants. This collaboration often requires local jurisdictions to hold illegal immigrant detainees in jail until they can be transferred to federal custody, which incurs substantial costs. There are an estimated 79 illegal immigrants

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[19] See report.
[20] See Center for Immigration Studies resource.
[21] See report.

currently detained under Mississippi Department of Correction custody.[22] Mississippi taxpayers likely also pay to incarcerate illegal immigrants in local jails in cities and counties across the state. **Using available data, analysts project Mississippi taxpayers will spend at least $1.7 million annually incarcerating illegal immigrants.**[23]

This estimate does not include the cost of the extra burden law enforcement agencies face while policing Mississippi streets as a result of illegal immigration. It is difficult to estimate these costs due to a lack of available data. The presence of illegal immigrants can strain local law enforcement agencies, which may lack the resources to effectively manage the increased workload. Additionally, the need for specialized training for officers to handle immigration-related issues can divert resources away from other critical public safety needs.

Conclusion

Illegal Immigration is a problem costing Mississippi millions of dollars each year. The Mississippi Office of the State Auditor estimates the state spends over $100 million to educate, incarcerate, and provide healthcare for illegal immigrants and their children. Due to the limited amount of reliable data, actual spending could be higher.

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[22] Data were provided by Mississippi Department of Corrections.
[23] Claim relies upon data provided by the Mississippi Department of Corrections.

Appendix: VIII
Millions Going to DEI Offices that Spend Money on Things Like Equity-Based Yoga for Preschoolers

MISSISSIPPI

The Cost of "Diversity, Equity, and Inclusion"

Programs at Mississippi Public Universities

June 2023

SHAD WHITE
State Auditor

Logan Reeves
Director, Government Accountability Division

Executive Summary

Diversity, Equity, and Inclusion (DEI) programs are now prevalent in schools, especially at colleges and universities.[1] Supporters of DEI programs believe they address inherent biases precluding underrepresented people from equitable treatment.[2] Critics of DEI programs believe they promote bias by giving preferential treatment to certain people based on characteristics—like race or gender—instead of merit. They suggest DEI programs increase prejudice against some groups of people.[3] As a result of these disagreements, "DEI" has become a controversial term.

Recently, both public and private entities have reviewed spending on DEI programs at public universities in multiple states.[4, 5] These reviews show DEI programs cost taxpayers millions of dollars each year.[6] For example, Florida Gov. Ron DeSantis released survey results showing DEI program costs ranged from $8,400 to $8.7 million at public colleges and universities in Florida.[7] A review of DEI programs in Virginia showed DEI administration payroll at James Madison University alone increased 107% from 2020 to 2021.[8]

The Mississippi Office of the State Auditor (OSA) conducted a survey of the state's eight public universities and the University of Mississippi Medical Center (UMMC) to inform Mississippi taxpayers about how much public universities are spending on DEI programs. Analysts from the Auditor's office sent each public university a survey, through the Board of Trustees of State Institutions of Higher Learning (IHL), to assess DEI spending.[9] The survey requested information from fiscal year 2020 to 2023 (year-to-date).[10] The survey also required descriptions of each individual DEI program. The Auditor's Office granted universities 58 days to submit a completed survey. The survey results contain self-reported responses from the individual universities, so the data contained in the surveys have not yet been verified.

Results from the survey show public universities in Mississippi budgeted at least $23.44 million on DEI programs from July 2019 to May 2023. Of this amount, public universities in Mississippi budgeted at least $10.95 million in state funds and at least another $12.48 million through federal and private grants. Public universities in Mississippi collectively budgeted over 60% of reported DEI funds each year for employee salaries—not directly for students—while DEI budgets grew at least 47% since July 2019.[11, 12]

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[1] See National Association of Scholars report.
[2] See Society for Human Resource Management article.
[3] See report published by the Virginia Association of Scholars.
[4] Ibid.
[5] See article outlining DEI survey in Florida.
[6] Ibid.
[7] See article.
[8] See previous footnote.[3]
[9] The IHL Board is the oversight authority over all public universities in Mississippi.
[10] Year-to-date expenditure timelines differ slightly among the universities.
[11] Some universities noted certain DEI staff fulfilled additional duties not related to DEI activities. For clarity, auditors did not prorate reported total compensation for these employees.
[12] Growth rate is calculated using completed fiscal years.

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Alcorn State University Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions and Recruitment	Diversity Scholarships	10-15 diversity scholarships available for students in two categories: Presidential Diversity Scholarships in the amount of $10,000 per student and Standard Diversity Scholarships in the amount of $5,000 per student.	2.00	Director, Admissions and Recruitment Director, Financial Aid	$150,000.00	$150,000.00	$150,000.00
Department of Student Engagement	Student Organizations	Support of over 60 student affinity groups to foster sense of belonging and inclusion. Such groups include religious affiliations, LGBTQ+ support, Greek Life, athletic, academic honors, ethnicity based affinity groups, and social clubs and organizations.	1.00	Director, Department of Student Engagement	$50,000.00	$50,000.00	$50,000.00
Office of Diversity, Equity, and Inclusion	Staffing	Staff salaries for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$176,806.00	$176,806.00	$126,806.00
Office of Diversity, Equity, and Inclusion	Staffing	Staff fringe benefits for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state	3.00	Director, Office of DEI Assistant Director, Office of DEI	$44,201.50	$44,201.50	$31,701.50

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		expended portion represents two staff persons at 100%.		Administrative Assistant, Office of DEI			
Office of Diversity, Equity, and Inclusion	Operating Budget	Coordination of DEI programs, activities and initiatives to include Courageous Conversations and Diversity Dialogs; Workshops and Lecture Serires; Monthly Cultural Celebrations (Hispanic Heritage Month, Black History Month, PRIDE Month, Women's History Month, Asian and Pacific Islander Month); and International Student Appreciation.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$28,500.00	$28,500.00	$28,500.00
Office of Diversity, Equity, and Inclusion	Everfi Campus Climate Survey	Campus Climate Survey for the University to assess strengths and areas of improvement for an inclusive campus community.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$18,000.00	$18,000.00	$18,000.00
Office of Global Affairs	International Programs and Education	Activities and Programs to support International student recruitment and enrollment at Alcorn State University and providing opportunties for	1.00	Director, Office of Global Affairs	$160,000.00	$160,000.00	$160,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		students to explore other countries and cultures.					
Southwest Mississippi Center for Culture and Learning	Programs and Initiatives to support preserving, teaching, and celebrating the unique culture and history of Southwest Mississippi communities.	Support programs and initatives designed to provide cultural appreciation and promote economic growth such as lectures, public forums, exhibitions,tourism, education, outreach, and commemorations.	1.00	Executive Director, Southwest Mississippi Center for Culture and Learning	$275,000.00	$275,000.00	$275,000.00
University College	New Student Orientation	The University's orientation program offers new students an enriching experience to explore campus life via educational extracurricular offerings.	1.00	Dean, University College	$40,000.00	$40,000.00	$40,000.00
University Health Services and Wellbeing	Programs and Initiatives to support student health and wellbeing	Coordination of programs and initatives to support student health and wellbeing to include National Condom Week; Nataional HIV/AIDS Awareness Day; Breast Cancer Awareness Day; Sexual Assault and Violence Prevention (Denim Day); National Go Red Day for Heart Health; Blood Drives; and an annual Health and Wellness Fair.	1.00	Director, University Health Services and Wellbeing	$400.00	$400.00	$400.00
TOTAL					**$942,907.50**	**$942,907.50**	**$880,407.50**

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Alcorn State University Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions and Recruitment	Diversity Scholarships	10-15 diversity scholarships available for students in two categories: Presidential Diversity Scholarships in the amount of $10,000 per student and Standard Diversity Scholarships in the amount of $5,000 per student.	2.00	Director, Admissions and Recruitment Director, Financial Aid	$150,000.00	$150,000.00	$150,000.00
Department of Fine Arts	Strings Workshop and Master Class	Characteristic sounds of String Bass performing with other instruments featuring guest artist John Birdsong, Double Bass, Lecture Recital and Workshop, April 5-9.	1.00	Chair, Department of Fine Arts	$2,500.00	$2,500.00	$2,500.00
Department of Student Engagement	Student Organizations	Support of over 60 student affinity groups to foster sense of belonging and inclusion. Such groups include religious affiliations, LGBTQ+ support, Greek Life, athletic, academic honors, ethnicity based affinity groups, and social clubs and organizations.	1.00	Director, Department of Student Engagement	$50,000.00	$50,000.00	$50,000.00
Office of Diversity, Equity, and Inclusion	Staffing	Staff salaries for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$176,806.00	$176,806.00	$126,806.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity, Equity, and Inclusion	Staffing	Staff fringe benefits for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$44,201.50	$44,201.50	$31,701.50
Office of Diversity, Equity, and Inclusion	Operating Budget	Coordination of DEI programs, activities and initiatives to include Courageous Conversations and Diversity Dialogs; Workshops and Lecture Serires; Monthly Cultural Celebrations (Hispanic Heritage Month, Black History Month, PRIDE Month, Women's History Month, Asian and Pacific Islander Month); and International Student Appreciation.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$28,500.00	$28,500.00	$28,500.00
Office of Diversity, Equity, and Inclusion	Everfi Campus Climate Survey	Campus Climate Survey for the University to assess strengths and areas of improvement for an inclusive campus community.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$13,000.00	$13,000.00	$13,000.00
Office of Global Affairs	International Programs and Education	Activities and Programs to support International student recruitment and enrollment at Alcorn State University and providing opportunties for students to explore other countries and cultures.	1.00	Director, Office of Global Affairs	$160,000.00	$160,000.00	$160,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Southwest Mississippi Center for Culture and Learning	Programs and Initiatives to support preserving, teaching, and celebrating the unique culture and history of Southwest Mississippi communities.	Support programs and initatives designed to provide cultural appreciation and promote economic growth such as lectures, public forums, exhibitions, tourism, education, outreach, and commemorations.	1.00	Executive Director, Southwest Mississippi Center for Culture and Learning	$275,000.00	$275,000.00	$275,000.00
University College	New Student Orientation	The University's orientation program offers new students an enriching experience to explore campus life via educational extracurricular offerings.	1.00	Dean, University College	$40,000.00	$40,000.00	$40,000.00
University Health Services and Wellbeing	Programs and Initiatives to support student health and wellbeing.	Coordination of programs and initatives to support student health and wellbeing to include National Condom Week; Nataional HIV/AIDS Awareness Day; Breast Cancer Awareness Day; Sexual Assault and Violence Prevention (Denim Day); National Go Red Day for Heart Health; Blood Drives; and an annual Health and Wellness Fair.	1.00	Director, University Health Services and Wellbeing	$1,337.00	$1,337.00	$1,337.00
TOTAL					**$941,344.50**	**$941,344.50**	**$878,844.50**

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Alcorn State University Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions and Recruitment	Diversity Scholarships	10-15 diversity scholarships available for students in two categories: Presidential Diversity Scholarships in the amount of $10,000 per student and Standard Diversity Scholarships in the amount of $5,000 per student.	2.00	Director, Admissions and Recruitment Director, Financial Aid	$150,000.00	$150,000.00	$150,000.00
Department of Fine Arts	Alcorn State University Jazz Festival 2022	Alcorn State University 40th Jazz Festival and Workshop featuring recording artist Kenny Barron his Trio.	1.00	Chair, Department of Fine Arts	$20,000.00	$10,000.00	$10,000.00
Department of Student Engagement	Student Organizations	Support of over 60 student affinity groups to foster sense of belonging and inclusion. Such groups include religious affiliations, LGBTQ+ support, Greek Life, athletic, academic honors, ethnicity based affinity groups, and social clubs and organizations.	1.00	Director, Department of Student Engagement	$50,000.00	$50,000.00	$50,000.00
Office of Diversity, Equity, and Inclusion	Staffing	Staff salaries for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$176,806.00	$176,806.00	$126,806.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity, Equity, and Inclusion	Staffing	Staff fringe benefits for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$44,201.50	$44,201.50	$31,701.50
Office of Diversity, Equity, and Inclusion	Operating Budget	Coordination of DEI programs, activities and initiatives to include Courageous Conversations and Diversity Dialogs; Workshops and Lecture Serires; Monthly Cultural Celebrations (Hispanic Heritage Month, Black History Month, PRIDE Month, Women's History Month, Asian and Pacific Islander Month); and International Student Appreciation.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$28,500.00	$28,500.00	$28,500.00
Office of Diversity, Equity, and Inclusion	Everfi Campus Climate Survey	Campus Climate Survey for the University to assess strengths and areas of improvement for an inclusive campus community.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$13,000.00	$13,000.00	$13,000.00
Office of Global Affairs	International Programs and Education	Activities and Programs to support International student recruitment and enrollment at	1.00	Director, Office of Global Affairs	$160,000.00	$160,000.00	$160,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Alcorn State University and providing opportunities for students to explore other countries and cultures.					
Office of Student Development	Activities and Programs to support student mental health, leadership and sense of belonging.	Sponsored programs and activities that support student mental health, leadership and sense of belonging including Pet-A-Puppy; Build-A-Brave Buddy; Relaxation Stations; group exercise classes; Male Leadership Institute; Inaugural Student Leadership Conference; Coffee and Coloring; and other related initiatives.	1.00	Assistant Vice-President of Student Development and Dean of Students	$10,000.00	$10,000.00	$10,000.00
Southwest Mississippi Center for Culture and Learning	Programs and Initiatives to support preserving, teaching, and celebrating the unique culture and history of Southwest Mississippi communities.	Support programs and initatives designed to provide cultural appreciation and promote economic growth such as lectures, public forums, exhibitions,tourism, education, outreach, and commemorations.	1.00	Executive Director, Southwest Mississippi Center for Culture and Learning	$275,000.00	$275,000.00	$275,000.00
University College	New Student Orientation	The University's orientation program offers new students an enriching experience to explore campus life via	1.00	Dean, University College	$40,000.00	$40,000.00	$40,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		educational extracurricular offerings.					
University Health Services and Wellbeing	Programs and Initiatives to support student health and wellbeing.	Coordination of programs and initatives to support student health and wellbeing to include National Condom Week; Nataional HIV/AIDS Awareness Day; Breast Cancer Awareness Day; Sexual Assault and Violence Prevention (Denim Day); National Go Red Day for Heart Health; Blood Drives; and an annual Health and Wellness Fair.	1.00	Director, University Health Services and Wellbeing	$7,900.00	$7,900.00	$7,900.00
TOTAL					**$975,407.50**	**$965,407.50**	**$902,907.50**

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Alcorn State University Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions and Recruitment	Diversity Scholarships	10-15 diversity scholarships available for students in two categories: Presidential Diversity Scholarships in the amount of $10,000 per student and Standard Diversity Scholarships in the amount of $5,000 per student.	2.00	Director, Admissions and Recruitment Director, Financial Aid	$150,000.00	$150,000.00	$150,000.00
Department of Fine Arts	Theater	Alcorn State University Readers Theater featuring guess Artist Dr. Charles Brooks, March 25 – March 30: A performance of original scripts written over two semesters by Alcorn State University and guided by Dr. Brooks. Over thirty original skits were completed. Eight student scripts were selected for public presentation with actors, readers, and musicians.	1.00	Chair, Department of Fine Arts	$4,000.00	$4,000.00	$4,000.00
Department of Fine Arts	Alcorn State Unversity Jazz Festival 2023	41st Annual Jazz Festivaland Workshop featuring Grammy Nominated Artist Randy Brecker and his band.	1.00	Chair, Department of Fine Arts	$20,000.00	$10,000.00	$10,000.00
Department of Student Engagement	Student Organizations	Support of over 60 student affinity groups to foster sense of belonging and inclusion. Such groups include religious	1.00	Director, Department of Student Engagement	$50,000.00	$50,000.00	$50,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		affiliations, LGBTQ+ support, Greek Life, athletic, academic honors, ethnicity based affinity groups, and social clubs and organizations.					
Office of Diversity, Equity, and Inclusion	Staffing	Staff salaries for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$176,806.00	$176,806.00	$126,806.00
Office of Diversity, Equity, and Inclusion	Staffing	Staff fringe benefits for three full-time staff persons at 100%. Currently, the assistant director position is vacant so the state expended portion represents two staff persons at 100%.	3.00	Director, Office of DEI Assistant Director, Office of DEI Administrative Assistant, Office of DEI	$44,201.50	$44,201.50	$31,701.50
Office of Diversity, Equity, and Inclusion	Operating Budget	Coordination of DEI programs, activities and initiatives to include Courageous Conversations and Diversity Dialogs; Workshops and Lecture Series; Monthly Cultural Celebrations (Hispanic Heritage Month, Black History Month, PRIDE Month, Women's History Month, Asian and Pacific Islander Month); and	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$28,500.00	$28,500.00	$28,500.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		International Student Appreciation.					
Office of Diversity, Equity, and Inclusion	Everfi Campus Climate Survey	Campus Climate Survey for the University to assess strengths and areas of improvement for an inclusive campus community.	2.00	Director, Office of DEI Administrative Assistant, Office of DEI	$18,000.00	$18,000.00	$18,000.00
Office of Global Affairs	International Programs and Education	Activities and Programs to support International student recruitment and enrollment at Alcorn State University and providing opportunties for students to explore other countries and cultures.	1.00	Director, Office of Global Affairs	$160,000.00	$160,000.00	$160,000.00
Southwest Mississippi Center for Culture and Learning	Programs and Initiatives to support preserving, teaching, and celebrating the unique culture and history of Southwest Mississippi communities.	Support programs and initatives designed to provide cultural appreciation and promote economic growth such as lectures, public forums, exhibitions,tourism, education, outreach, and commemorations.	1.00	Executive Director, Southwest Mississippi Center for Culture and Learning	$275,000.00	$275,000.00	$275,000.00
University College	New Student Orientation	The University's orientation program offers new students an enriching experience to explore campus life via educational extracurricular offerings.	1.00	Dean, University College	$40,000.00	$40,000.00	$40,000.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
University Health Services and Wellbeing	Programs and Initiatives to support student health and wellbeing.	Coordination of programs and initatives to support student health and wellbeing to include National Condom Week; Nataional HIV/AIDS Awareness Day; Breast Cancer Awareness Day; Sexual Assault and Violence Prevention (Denim Day); National Go Red Day for Heart Health; Blood Drives; and an annual Health and Wellness Fair.	1.00	Director, University Health Services and Wellbeing	$2,382.00	$2,382.00	$2,382.00
TOTAL					**$968,889.50**	**$958,889.50**	**$896,389.50**

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Delta State University Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity Advisory Committee	Coordinator Stipend	Stipend provided to Arlene Sanders to coordinate DEI activities.	0.25	Campus Diversity	$10,070.92	**$10,070.92 - State** Expenses: $10,070.92 - stipend	$10,070.92	$10,070.92
Diversity Advisory Committee	Hispanic Heritage Day	*Afro-Mexican Constructs of Diaspora, Gender, Identity and Nation* by guest speaker Dr. Paulette Ramsay, University of the West Indies. Dr. Paulette Ramsay's research into the little known, but significant literature and culture of Afro-Hispanic societies in general, and Afro-Mexico in particular, has made an important contribution to the agenda to debunk the myths about race and class in Latin America, to bring the Afro-Latin American experience to the fore and to expand the debate about issues of migration, ethnicity, identity, nation, belonging, agency and self-definition in	0.25	Diversity Committee Chair	$3,966.45	**$3,966.45 - State** Expenses: $2,490 - honorarium $6.80 - printing $4.00 - printing $40.00 - printing $3.80 - printing $0.08 - printing $293.77 - food $200.00 - food $800 - UMB $128.00 - UMB	$3,966.45	$3,966.45

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Latin America and the hispanophone Caribbean						
Diversity Advisory Committee	Guest Recital	Dr. JoAnne Stephenson, Associate Professor of Music at University of Central Florida, will present a lecture recital on the life and works of African-American composer Florence Price, the first African-American woman to have a composition played by a major orchestra. Dr. Stephenson will sing art songs by Florence Price, with Dr. Karen Fosheim on the piano.	0.25	Diversity Committee Chair	$600.00	**$600 - State** Expenses: $600 Honorarium	$600.00	$600.00
Diversity Advisory Committee	Black History Month	In honor of Dr. Martin Luther King, Jr. Day, the Diversity Committee presents Jesse J. Holland. Holland is an award-winning journalist and novelist and the author of the first novel featuring comics' most popular black superhero, "The Black Panther." In "Black Panther: Who Is The Black Panther?"	0.25	Diversity Committee Chair	$4,027.14	**$4,027.14 - State** Expenses: $4000.00 - honorarium $3.50 - printing $21.00 - printing	$4,027.14	$4,027.14

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Holland retells the classic origin of T'Challa, the original Black Panther, and updates it for the new century, giving new fans and longtime die-hard aficionados a good platform and some inside information for the new "Black Panther" movie from Marvel Studios debuting in 2018. Holland is also the author of the award-winning book, "The Invisibles: African American Slavery Inside the White House" and of "Black Men Built The Capitol: Discovering African American History In and Around Washington, D.C." He is a Race & Ethnicity reporter for The Associated Press, responsible for coverage and analysis of this nation's minority and ethnic groups for the world's largest news organization.				$2.64 - printing		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity Advisory Committee	Black History Month	Spoken Word by Alexandria Gurley	0.25	Diversity Committee Chair	$993.00	$993.00	$993.00	$993.00
					$19,657.51	**$19,657.51**	**$19,657.51**	**$19,657.51**

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Delta State University Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Coordinator Stipend	Stipend provided to Michelle Johansen to coordinate DEI activities.	0.5	Campus Diversity	$19,359.25	**$19,359.25 - State** Expenses: $19,359.25 - Stipend	$19,359.25	$19,359.25
DEI	DEI Professional Development Summer Book Club (Virtual) - Summer 2021	**Goals:** Optional professional development for faculty and staff through shared reading experience **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 Promote a safer and more supportive campus environment	0.75	DEI Coordinator	$129.51	$129.51 - State Expenses: $119.20 - Books $10.31 - Books	$129.51	$129.51

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge of issues, including systemic racism, mental health, gender identity, police violence, and socio-economic inequality **Target Audience:** Faculty and staff **Method(s) Used:** Participating staff and faculty were polled about possible books. The majority chose *When They Call You a Terrorist: A Black Lives Matter Memoir* by Patrice Khan-Cullors and Asha Bandele. Participating faculty and staff were provided a copy of the book. Facilitated book discussions were held by Zoom during summer 2021.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Sexual Assault Awareness Month - April 2021	**Goals:** Participate in national Sexual Assault Awareness Month (SAAM) **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of sexual assault and gender-	0.75	DEI Coordinator	$65.72	$65.72 - State Expenses: $14.39 - Supplies $45.73 - Supplies $5.60 - Printing	$65.72	$65.72

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		based violence and available resources on campus **Target Audience:** DSU campus and general public **Method(s) Used:** The Clothesline Project, an interactive, public display of unique shirts created by participants to show support for survivors of sexual assault and gender-based violence, and a series of webinars featuring DSU faculty, staff, and students, including Title IX Coordinator						
DEI	Ramadan (Virtual) - April 2021	**Goals:** Increase knowledge and awareness of Ramadan **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 -	0.75	DEI Coordinator	$0.28	$0.28 - State Expenses: $0.28 - Printing	$0.28	$0.28

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of and expanded attitudes toward Muslims and Ramadan **Target Audience:** DSU campus and general public **Method(s) Used:** Virtual (Zoom/Facebook Live) webinar with Hassan Irshad, a DSU student from Pakistan						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Winning the Race - March 2021	**Goals:** Support annual Winning the Race Conference through organizing student research competition. Support keynote address by Lawrence C. Ross. **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 -Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment;	0.75	DEI Coordinator	$2,486.48	$486.48 - State $2,000.00 - Mississippi Humanities Council Expenses: $18.00 - Printing $120.00 - Plaque WTR Racial Equity Champion Award $30.98 - Supplies $17.50 - Printing $300.00 - Awards for faculty mentors for student research	$486.48	$486.48

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		#6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased student participation in student research competition and increased public participation in conference **Target Audience:** DSU campus and general public **Method(s) Used:** Co-sponsored keynote address by Lawrence C. Ross. Virtual student research presentations with public voting for "People's Choice Award"						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	La Tertulia and Exchanges - Spring Semester 2021	**Goals:** Improving Spanish language skills at Delta State and learning about Hispanic and Latinx cultures; Increase cross-cultural exchanges between American students and international students while improving English language skills **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State	0.75	DEI Coordinator	$18.00	**$18.00 - State** Expenses: $18.00 - Printing	$18.00	$18.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Improved Spanish language skills of students and other participants; increased knowledge of Hispanic and Latinx cultures, especially locally in the Mississippi Delta; increased connection between campus and community **Target Audience:** DSU campus and general public **Method(s) Used:** Series of virtual (Zoom) meetings						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Movie Night - April 2021	**Goals:** Support African American Student Council's event **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts.	0.75	DEI Coordinator	$8.40	$8.40 - State Expenses: $8.40 - Printing posters	$8.40	$8.40

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge of Black history and women's history **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with African American History Council to show movie, *Hidden Figures*, about the real Black women scientists and mathematicians instrumental to the successful launch of NASA's Friendship 7 with John Glenn in 1962.						
DEI	DEI Logo Student Competition - March and April 2021	**Goals:** Create DSU diversity, equity, and inclusion logo for branding **Objective(s):** #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta	0.75	DEI Coordinator	$202.80	$202.80 - State Expenses: $200.00 - check for winner $1.40 - Printing certificates	$202.80	$202.80

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Creation of a logo representing campus DEI values **Target Audience:** DSU campus and community **Method(s) Used:** A logo committee was created from faculty and staff, including Department of Art and Communications and Marketing Department. Students invited to participate. Winner selected by committee.				$1.40 - Printing certificates		
DEI	Book Talk: *A Lesbian Belle Tells: OUTrageous Southern Stories of Family, Loss, and Love* - March 2021	**Goals:** Celebrate Women's History Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students,	0.75	DEI Coordinator	$217.50	$217.50 - State Expenses: $200.00 - Speaker honorarium $17.50 - Printing	$217.50	$217.50

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of women's, LGBTQ+, and religious history and issues **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Canterbury Episcopal campus organization to have Elizabeth McCain, a Mississippian and award-winning playwright, storyteller, counselor, and						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		interfaith minister, read from her memoir and participate in Q&A with online audience through a Zoom/Facebook Live.						
DEI	Black History at Delta State - February 2021	**Goals:** Celebrate Black History Month with spotlight on Black history makers at Delta State **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta	0.75	DEI Coordinator	$520.00	$520.00 - State Expenses: $100.00 - Speaker Honorarium $100.00 - Speaker Honorarium $100.00 - Speaker Honorarium $100.00 - Speaker Honorarium $100.00 - Speaker Honorarium $20.00 - Printing	$520.00	$520.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and understanding of Black history at Delta State **Target Audience:** DSU campus and general public **Method(s) Used:** Series of virtual (Zoom/ Facebook Live) webinars with 1969 sit-in students, first full-time, tenure-track Black faculty, first and notable Black administrators and administrative support staff, and Winning the Race student ambassadors						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	United in Green Campus Conversations - October and November 2020	**Goals:** Engage students, faculty, and staff in non-partisan conversations about 2020 elections and campus, local, state, and national issues **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts.	0.75	DEI Coordinator	$30.00	$30.00 - State Expenses: $30.00 - Printing	$30.00	$30.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge and dialogue about Delta State's students' campus and election concerns **Target Audience:** DSU students **Method(s) Used:** DEI partnered with Campus Counseling Center and Division of Social Sciences and History for a series of virtual (Zoom) campus conversations.						
DEI	Okra Talk with Chris Smith - November 2020	**Goals:** Participate in DSU Homecoming Activities with a book talk about okra **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts.	0.75	DEI Coordinator	$514.00	$514.00 - State Expenses: $500.00 - Speaker honorarium (QEP) $14.00 - Printing	$514.00	$514.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge about the history of okra, including its origins in west Africa and its legacy in American Southern culture and food **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with DSU Alumni Association during Homecoming Week to sponsor James Beard Award-winning author, Chris Smith, to talk about history okra and significance in U.S. history and culture, particularly in the American South.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Okra OUT - October 2020	**Goals:** Celebrate LGBTQ+ History Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of LGBTQ+ history and issues **Target Audience:** DSU	0.75	DEI Coordinator	$297.60	297.60 - State Expenses: $183.60 - Printing OQRA Zine, Ed. 2, Vol. 1 $14.00 - Printing (QEP) $100.00 - Speaker Honorarium	$297.60	$297.60

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		campus and general public **Method(s) Used:** Partnered with DSU Roberts-LaForge Library, Office of Student Affairs, Division of Languages and Literature, Division of Social Sciences and History, Department of Music, Canterbury Episcopal Ministry, and Oxford Film Festival for online storytelling and film screening and Q&A, in-person Pride Walk and Pride Yoga, and *OQRA Zine*, a campus publication of artwork and writing.						
DEI	Movie Night - October 2021	**Goals:** Opportunity to learn more about recently deceased Supreme Court Justice Ruth Bader Ginsburg **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities	0.75	DEI Coordinator	$21.00	$21.00 - State Expenses: $21.00 - Printing (QEP)	$21.00	$21.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge of the life of Supreme Court Justice Ruth Bader Ginsburg and the obstacles facing women during her career **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Office of Student Life for a screening of *RBG*, a documentary about Supreme Court Justice Ruth Bader Ginsburg						
DEI	Summer Orientation - Summer 2021	**Goals:** Increase awareness of DEI Office on campus **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff **Expected Outcome(s):** New students at Delta State have knowledge of DEI Office **Target Audience:** New DSU students	0.75	DEI Coordinator	$71.00	$71.00 - State Expenses: $71.00 - Printing summer orientation insert	$71.00	$71.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Creation of insert with information about DEI and signature programs						
DEI	DEI Committee and DEI Upstander Recognition Program - Year-round	**Goals:** Increase recognition of employees and their contributions to DEI initiatives **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff **Expected Outcome(s):** Increased awareness of employees and their contributions to DEI initiatives **Target Audience:** DSU employees **Method(s) Used:** Monthly nominations for DEI Upstanders and public recognition through posters, social media, and email; recognition of DEI Committee members through certificates for	0.75	DEI Coordinator	$61.60	$61.60 - State Expenses: $0.35 - Printing $21.00 - Printing $4.90 - Printing $8.05 - Printing $3.85 - Printing $21.00 - Printing $2.45 - Printing	$61.60	$61.60

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		annual tenure and promotion portfolios and/or performance reviews						
DEI	International Education - Fall 2020	**Goals:** Recognition of employees participating in international education activities **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts **Expected Outcome(s):** Increased participation of employees in international initiatives and international student activities **Target Audience:** DSU employees **Method(s) Used:** Certificates of recognition for annual tenure and	0.75	DEI Coordinator	$2.80	$2.80 - State Expenses: $2.80 - Printing	$2.80	$2.80

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		promotion portfolios and/or performance reviews						
DEI	Hispanic Heritage Month - September to October 2020	**Goals:** Celebrate Hispanic/Latinx Heritage Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts.	0.75	DEI Coordinator	$33.00	$33.00 - State Expenses: $12.00 - Printing $21.00 - Printing (QEP)	$33.00	$33.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge of Hispanic and Latinx history and cultures; Increased campus participation in Hispanic/Latinx activities **Target Audience:** DSU campus and general public **Method(s) Used:** Partner with Division of Languages and Literature and community members for recorded video presentations on Mississippi Delta Hispanic family traditions and cooking traditional Hispanic food						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	*Voices from the Sit-In* film and oral history project - Year-Round	**Goals:** Complete creation of *Voices from the Sit-In*, a short documentary film by DSU, primarily grant-funded by the Mississippi Delta National Heritage Area (MDNHA); enter completed film into film festival competitions **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta	0.75	DEI Coordinator	$2,691.83	$255.25 - State $2,436.00 - MDNHA Grant Expenses: $255.25 - Reimburse Ted Fisher for film fest entries $599.50 - Supplies $1,518.88 - Supplies $318.20 - Supplies	$255.25	$255.25

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of 1969 student sit-in at Delta State College **Target Audience:** DSU campus and general public **Method(s) Used:** Purchase needed supplies for film completion; entry fees for film festivals						
DEI	Student Surveys - Year-Round	**Goals:** Increase student feedback for campus initiatives around diversity, equity, and inclusion **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff; #5 - Promote a safer and more supportive campus environment **Expected Outcome(s):** Increased participation in student feedback surveys	0.75	DEI Coordinator	$146.73	$146.73 - State Expenses: $59.88 - Supplies $86.85 - Supplies	$146.73	$146.73

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Target Audience: DSU students **Method(s) Used:** Surveys administered with student prizes for participation						
DEI	Office and Organization - Year-Round	**Goals:** Increase diversity in selection of books available in the Instructional Resources Center for DSU education students; Recognize outstanding campus participants in diversity, equity, and inclusion initiatives; Increase communication with stakeholders **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable	0.75	DEI Coordinator	$465.10	$465.10 - State Expenses: $11.17 - Supplies (envelopes) $125.00 - Plaque for Georgene Clark Diversity Award $328.93 - Books for QEP/DEI collection in Library	$465.10	$465.10

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased student knowledge of diversity, equity, and inclusion; Increased employee participation in DEI initiatives; Increased partnerships with community stakeholders **Target Audience:** DSU campus and general public **Method(s) Used:** Purchase of supplies and materials to achieve goals						
					$27,342.60	$27,342.60	$22,906.02	$22,906.02

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Delta State University Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Coordinator Stipend	Stipend provided to Michelle Johansen to coordinate DEI activities.	0.5	Campus Diversity	$31,931.11	$31,931.11 - State Expenses: $31,931.11 - Stipend	$31,931.11	$31,931.11

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Sexual Assault Awareness Month - April 2022	**Goals:** Participate in national Sexual Assault Awareness Month (SAAM) **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of sexual assault and gender-based violence and available resources on campus **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Office of Student Affairs, Campus Counseling Center, and Title IX Coordinator for events including	0.75	DEI Coordinator	$459.79	**$459.79 - State** Expenses: $350.69 - Food $109.10 - Supplies	$459.79	$459.79

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		The Clothesline Project, an interactive, public display of unique shirts created by participants to show support for survivors of sexual assault and gender-based violence. Other events included a film screening and discussion of T*he Hunting Ground,* a gathering titled "Light Up the Quad," and a "Lunch and Learn: Healing and Supporting Survivors" event.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Summer Professional Development DEI Book Club - May and June 2022	**Goals:** Optional professional development for faculty and staff through shared reading experience **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 Promote a safer and more supportive campus environment **Expected Outcome(s)**: Increased knowledge of issues, including systemic racism, Asian American history, mental health, gender identity, and socio-economic inequality **Target Audience:** Faculty and staff **Method(s) Used:** Participating staff and faculty were polled about possible books. Participating faculty and staff were provided a copy of each book. Facilitated book discussions were held in-person during May and June 2022.	0.75	DEI Coordinator	$974.14	**$974.14 - State** Expenses: $7.70 - Printing $57.19 - Food $253.00 - Food $656.25 - Books	$974.14	$974.14

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		May 2022 book - *Minor Feelings* by Cathy Park Hong June 2022 book - *You'll Never Believe What Happened to Lacey: Crazy Stories About Racism* by Amber Ruffin and Lacey Lamar						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Film Screening: *The Queen of Basketball* - September 2021, January 2022, and March 2022	**Goal(s):** Increase awareness of significance of Lusia "Lucy" Harris, a Delta State alumna and premier basketball player for Delta State and the U.S. Olympic team **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and awareness of Delta State history, Title IX relating to sports equity, U.S. history, and civil rights history. **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$2,270.12	**$165.63 - State DEI Acct $2,104.00 - State 108 Acct** Expenses: $31.50 - Printing $1.40 - Printing $1,850.00 - T-shirts (108) $165.00 - Pins (108) $89.49 - Food (108) $132.73 - Food	$2,270.12	$2,270.12

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Activities included three public film screenings, including one before the film won an Academy Award, t-shirts and pins designed by a DSU student celebrating Lucy Harris and DSU legendary coach Margaret Wade, and information handouts shared at events and home basketball games.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	"State Control Over Women's Bodies and Choices: What Mississippi Means for Abortion Access in America" Event - February 2022	**Goal(s):** Support and supplement Department of Art's exhibition "In Control: Embroidered Work" by artist Katrina Majkut **Objective(s)**: #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increase knowledge about climate and political implications of recent court cases involving abortion **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$300.00	**$300.00 - State** Expenses: $300.00 - Speaker honorarium	$300.00	$300.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Collaborated with Department of Art for virtual (Zoom) event with Dr. Kimberly Kelly, associate professor of sociology and director of the gender studies program at Mississippi State University						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Black History Month - February 2022	**Goal(s):** Celebrate Black History Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge about Black history **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Department of Music to host Dr. Joe W. Moore III's in-person performance of "Being Black," a five movement multi-percussion solo written as a "memorial of Black lives that have been lost to police brutality and other senseless	0.75	DEI Coordinator	$1,261.97	**$1,261.97 - State** Expenses: $12.00 - Printing $19.40 - Social media ad $14.00 - Printing $14.00 - Printing $4.11 - Social media ad $90.22 - Food $67.24 - Food $500.00 - Rev. Jayne Oasin honorarium $500.00 - Dr. Joe Moore III honorarium $41.00 - Dr. Joe Moore III per diem	$1,261.97	$1,261.97

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		killings." Virtually (Zoom) hosted Rev. Canon Jayne J. Oasin, former Program Officer for Anti-Racism and Gender Equality for the Episcopalian Church. Partnered for a movie night with the African American Student Council.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	"Women of the Movement" Viewing - January 2022	**Goal(s):** Increase knowledge of the lynching of Emmett Till and the actions and legacy of Till's mother Mamie Till. **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula **Expected Outcome(s):** Increased knowledge and awareness of Mamie Till-Mobley, U.S. and Mississippi Delta history, and civil rights era **Target Audience:** DSU campus and general public **Method(s) Used:** Public screenings of the six episodes of "Women of the Movement" and post-screening discussions	0.75	DEI Coordinator	$116.98	**$116.98 - State** Exspenses: $58.49 - Food (108) $58.49 - Food (108)	$116.98	$116.98

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Dr. Martin Luther King Jr. Day and National Day of Racial Healing - January 2022	**Goal(s):** Celebration Dr. Martin Luther King Jr. Day and Participate in National Day of Racial Healing **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of Black history, legacy of Dr. King, and civil rights era; Increased communication and dialogue around racial reconciliation **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with DSU Archives and Museums and	0.75	DEI Coordinator	$855.62	**$96.27 - State DEI Acct** **$759.35 - State 108 Acct** Exspenses: $75.00 - Printing (IRC) $0.27 - Printing $21.00 - Printing $759.35 - Food	$855.62	$855.62

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Winning the Race initiative. The day's activities included: free lunch for students, come-and-go, self-guided activities about the legacy of Dr. King, an exhibition of Delta State's Emmett Till traveling exhibit, voter registration information, and Winning the Race conference information						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Lunch and Learn with Ephrat Asherie - November 2021	**Goal(s):** Interact with Ephrat Asherie's ensemble of dancers and musicians and learn about Afro-Brazilian rhythms and movements **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts **Expected Outcome(s):** Increased knowledge of Afro-Brazilian culture, history, and arts **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Bologna Performing Arts Center to host the lunch event and promote the performance	0.75	DEI Coordinator	$29.57	**$29.57 - State** Expenses: $29.57 - Food	$29.57	$29.57

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Okra OUT, Safe Space, and Pride Alliance - Year-Round	**Goals:** Celebrate LGBTQ+ History Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of LGBTQ+ history and issues **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Office of Student Life, Roberts-LaForge Library, Division of Languages and Literature, University of Memphis, and LGBTQ Fund of	0.75	DEI Coordinator	$6,397.61	**$3,500.00 - LGBTQ Fund of Mississippi $750.00 - State Library $1,147.61 - State DEI** Expenses: $349.35 - Printing (LGBTQ Fund Grant) $295.15- Food (LGBTQ Fund Grant) $2,206.57- Supplies (LGBTQ Fund Grant) $117.94 - Tickets (LGBTQ Fund Grant) $63.95 - Buttons (LGBTQ Fund Grant) $100.00 - DMI Light and Sound Services	$1,897.61	$1,897.61

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Mississippi to host Okra OUT events in October 2022, as well as optional Safe Space workshops and Pride Alliance events. Activities included: participating in DSU Homecoming parade, Pride Alliance Coffee Break for all; virtual webinar "Teaching, Learning, and Living in the Queer South" with University of Arkansas-Little Rock scholar Dr. David Baylis, in-person "Gay Faulkner and the Importance of Acknowledging the Queer South" with University of Wisconsin-Platteville scholar Dr. Phillip Gordon, Mississippi Votes/LGBTQ event, Rainbow Fun Run, Drag Show and Q&A, OQRA Zine, Oxford Pride field trip, Pride Alliance Brunch, and three optional Safe Space workshops: "Active Allyship in Your Safe Space," "Pronouns and Names," and "Safe Space 101."				$48.30 - Printing $1,900.00 - Pin and Shirts (108)$82.00 - Phillip Gordon honorarium $250.00 - Shannon Herrada honorarium $250.00 - James Lee honorarium $25.00 - University vehicle rental $16.00 - Printing		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	*Voices from the Sit-In Film Premiere* - October 2022	**Goal(s):** Host first Delta screening of *Voices from the Sit-In* short documentary about the 1969 Delta State Black student sit-in. **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of Delta State history, civil rights era, student activism, and social justice **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with President's Office, Department of	0.75	$	$2,297.56	**$2,000 - Mississippi Humanities Council Grant $44.50 - Alumni Association $253.06 - Delta State University** Expenses: $4.48 - Printing $1.68 - Printing $602.00 - Printing (MHC Grant) $140.00 - Printing (MHC Grant) $46.81 - Printing (MHC Grant) $44.50 - Printing (Alumni Agency Fund) $95.00 - Printing (MHC Grant) $24.00 - Printing $0.40 - Printing $222.50 - Food $80.00 - Social	$253.06	$253.06

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Art, Alumni Association, Delta Proud Fellows, and Delta Center for Culture and Learning to host film screening and panel discussion at Bologna Performing Arts Center				media ad (MHC Grant) $100.00 - Social media ad (MHC Grant) $45.21 - Supplies (MHC grant) $368.00 - Printing (MHC grant) $35.83 - Social media ad (MHC grant)		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Hispanic Heritage Month - September to October 2021	**Goal(s):** Celebrate Hispanic and Latinx Heritage Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of Hispanic and Latinx history cultures in the United States and Mississippi Delta **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Division of Languages and Literature for activities. Events included: Gallery of Latinx and	0.75	DEI Coordinator	$94.99	**$94.99 - State** **Expenses** $29.90 - Supplies $25.09 - Food $40.00 - Supplies	$94.99	$94.99

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Hispanic American Icons; three *Cine Club* film screenings; student art installation inspired by Frida Khalo; and *La Cocina Latina*, virtual demonstrations of Latinx and Hispanic foods						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Civil Rights Field Trip - Jackson, MS - September 2021	**Goal(s):** Provide off-campus enrichment in history and culture of Mississippi, particularly in civil rights in Jackson, Mississippi **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of and appreciation for civil rights history in Mississippi **Target Audience:** DSU students	0.75	DEI Coordinator	$242.40	$8.40 - State $234.00 - Ticket Sales Expenses: $234.00 - Travel $8.40 - Printing	$8.40	$8.40

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Office of Student Affairs, Office of Student Life, and Division of Social Sciences and History to take students to Mississippi Civil Rights Museum and Jackson State University						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	World Afro Day - September 2021	**Goal(s):** Support student-led initiative to raise awareness and increase knowledge of World Afro Day and issues around hair and identity **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of issues around hair and identity, especially for African Americans **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$63.00	$63.00 - State Expenses: $12.00 - Printing $30.00 - Printing at IRC $21.00 - Printing	$63.00	$63.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with World Afro Day organization and student organizer, Phiandrea Pruitt, for activities including pop-up shops, panel discussions, a social hour, and painting party						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	International Juke Joint Festival Field Trip - April 2022	**Goal(s):** Introduce international students to Mississippi Delta blues **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula **Expected Outcome(s):** Increased knowledge and appreciation of Mississippi Delta blues history and culture **Target Audience:** DSU international students **Method(s) Used:** Field trip to Juke Joint Festival in Clarksdale, Mississippi	0.75	DEI Coordinator	$307.70	$300 - Ticket Sales $7.70 - State Expenses: $300.00 - Travel $7.70 - Printing	$7.70	$7.70

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	*Never Say Die: The Story of East Side High* Film Premiere - March 2022	**Goal(s):** Support film premiere of *Never Say Die: The Story of East Side High* **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and awareness of the history of segregation in Cleveland, Mississippi's public school system **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$1,294.65	**$1,294.65 - Mississippi Humanities Council Grant** Expenses: $52.50 - Printing $1000.00 - Dr. Kishki Hall honorarium $32.15 - Printing $210.00 - Printing at IRC	$0.00	$0.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Division of Languages and Literature and Mississippi Humanities Council to host film premiere and panel discussion at Bologna Performing Arts Center.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Study Abroad Outreach	**Goal(s):** Support International Education efforts to recruit under-represented students in study abroad **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of international education programs and opportunities **Target Audience:** DSU students **Method(s) Used:** Printing posters and fliers for campus about international education opportunities and resources	0.75	DEI Coordinator	$45.40	**$45.40 - State** Expenses: $8.40 - Printing $30.00 - Printing $5.60 - Printing $1.40 - Printing	$45.40	$45.40

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	DEI Upstanders Recognition Program and DEI Committee	**Goals:** Increase recognition of employees and their contributions to DEI initiatives **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff **Expected Outcome(s):** Increased awareness of employees and their contributions to DEI initiatives **Target Audience:** DSU employees **Method(s) Used:** Monthly nominations for DEI Upstanders and public recognition through posters, social media, and email; recognition of DEI Committee members through certificates for annual tenure and promotion portfolios and/or performance reviews; Selection for annual Georgene Clark Diversity Award	0.75	DEI Coordinator	$174.60	**$174.60 - State** Expenses: $4.55 - Printing $17.00 - Printing $0.35 - Printing $0.65 - Printing $10.50 - Printing $11.55 - Printing $130.00 - Plaque for annual Georgene Clark Diversity Award	$174.60	$174.60

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Professional Development for Administration, Faculty, Staff, and Students	**Goal(s):** Provide DEI-related professional development opportunities for administration, faculty, staff, and students **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge, skills, and awareness of issues in diversity, equity, and inclusion **Target Audience:** DSU campus	0.75	DEI Coordinator	$3,872.62	**$3,872.62 - State** Expenses: $262.50 - Printing $338.00 - Printing $1,000.00 - Professional Development Course Fee $0.35 - Printing $0.35 - Printing $0.35 - Printing $3.50 - Printing $146.00 - Books $7.30 - Books $42.64 - Books for Library $900.00 - Dr. Leslie Stewart for Japan Studies Institute $87.30 - Melanie Robyn Wall for Japan Studies Institute $132.21 - Melanie	$3,872.62	$3,872.62

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Provided funding and resources for professional development. Included activities: Printing NADOHE Anti-Racism Framework and Shared Equity Leadership for DSU senior administration and DEI Committee members; facilitating an online Association of College and University Educators (ACUE) mini-credential course "Inclusive Teaching for Equitable Learning," workshop fees for faculty, staff, and students attending DEI workshop for Health, Physical Education, and Recreation program, facilitated Fall 2021 Professional Development Book Club with Their Eyes Were Watching God novel, and provided funding for two faculty to attend Japan Studies Institute through American Association of State Colleges and Universities (AASCU).				Robyn Wall for Japan Studies Institute $760.12 - Melanie Robyn Wall for Japan Studies Institute $2.00 - Melanie Robyn Wall for Japan Studies Institute $90.00 - Liza Bondurant for Conference $100.00 - Todd Davis for Conference		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	African American Student Council Prom - Spring 2022	**Goal(s):** Support African American Student Council initiative to host a spring social gathering for DSU students **Objective(s):** #3 - Improve retention of underrepresented students, faculty, and staff; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts **Expected Outcome(s):** Increased social engagement and sense of belonging by DSU students **Target Audience:** DSU students **Method(s) Used:** Printed promotional flyers for the event, which was ultimately postponed	0.75	DEI Coordinator	$35.00	**$35 - State** Expenses: $35.00 - Printing	$35.00	$35.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Lunar New Year - February 2022	**Goal(s):** Create inclusive campus Lunar New Year celebration **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s)**: Increased knowledge and awareness of Asian American history and culture, particularly cultures celebrating Lunar New Year **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$558.90	**$117.55 - Gifted Food** **$19.00 - State DEI Acct** **$422.35 - State 108 Acct** Expenses: $19.00 - Printing $62.10 - Supplies $34.90 - Supplies $6.99 - Supplies $19.98 - Supplies $13.96 - Supplies $6.98 - Supplies $198.74 - Supplies $78.70 - Supplies	$441.35	$441.35

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Mississippi Delta Chinese Heritage Museum Board and University Archives and Museums to create interactive Lunar New Year celebration appropriate for all ages						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Annual Sammy O. Cranford History Lecture - April 2022	**Goal(s):** Support annual Sammy O. Cranford Memorial History Lecture **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge about incarceration camps imprisoning Japanese Americans in the U.S. during World War II, including two camps in Arkansas **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$402.78	**$402.78 - State** Expenses: $402.78 - Food	$402.78	$402.78

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Division of Social Sciences and History to host Dr. Stephanie Hinnershitz, Senior Historian with the Institute for the Study of War and Democracy at The National WWII Museum in New Orleans.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Outreach and Organization Year-Round	**Goal(s):** Increase professional knowledge and organization capacity **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff **Expected Outcome(s):** Increased and improved organizational support for campus **Target Audience:** DSU Campus **Method(s) Used:** Purchases of items used for events and initiatives; Membership in national organization and attendance of national conference for continued professional development	0.75	DEI Coordinator	$2,303.04	**$397.36 - State DEI Acct** **$1905.68 - State 108 Acct** Expenses: $194.42 - Supplies (wagon) $505.68 - Poster frames and easel stands $900.00 - Annual Institutional Membership to National Association of Diversity Officers in Higher Education $500.00 NADOHE Conference Registration fee $42.95 - Button supplies $159.99 - Pop-up tent	$2,303.04	$2,303.04

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	La Tertulia and Exchanges - Year-Round	**Goals:** Improving Spanish language skills at Delta State and learning about Hispanic and Latinx cultures; Increase cross-cultural exchanges between American students and international students while improving English language skills **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Improved Spanish language skills of students and other participants; increased knowledge of Hispanic and Latinx cultures, especially locally in the	0.75	DEI Coordinator	$50.53	**$50.53 - State** Expenses: $50.53 - Food	$50.53	$50.53

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Mississippi Delta; increased connection between campus and community **Target Audience:** DSU campus and general public **Method(s) Used:** Series of virtual (Zoom) meetings for Exchanges and in-person meetings for La Tertulia						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	International Students Social	**Goal(s)**: Social for international students to create greater sense of belonging **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula **Expected Outcome(s)**: Increased sense of belonging and support for and among international students, faculty, and staff **Target Audience:** DSU international students, faculty, and staff **Method(s) Used**: Sunday afternoon snowcone social with DSU domestic and international faculty and staff	0.75	DEI Coordinator	$92.50	**$92.50 - State** Expenses: 92.50 - Food	$92.50	$92.50
					$56,432.58	**$56,432.58**	**$47,941.88**	**$47,941.88**

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Delta State University Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Coordinator Stipend	Stipend provided to Arlene Sanders to coordinate DEI activities.	0.57	Campus Diversity	$36,603.22	**$36,603.22 - State** Expenses: $36,603.22 - Stipend	$36,603.22	$36,603.22
DEI	NEA Big Read: Bolivar County	**Goals:** Participate in National Endowment for the Arts (NEA) Big Read project, bringing together campus and community. From NEA Big Read website: "The National Endowment for the Arts Big Read—a partnership with Arts Midwest—broadens our understanding of our world, our neighbors, and ourselves through the power of a shared reading experience. Showcasing a diverse range of themes, voices, and perspectives, the NEA Big Read aims to inspire meaningful conversations, artistic responses, and new discoveries and connections in each community." **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 -Improve retention of underrepresented	0.75	DEI Coordinator	$6,758.87	**$289.97 - State DEI Acct** **$587.05 - State 108 Acct** **$2,481.60 - National Endowment for the Arts** **$3,400.25 - Friends of the Bolivar County Library System** Expenses: $598.52 - Printing $278.50 - Printing stickers (108) $308.55 - Food (108) $5351.30 - Books (Grant) $222.00 - Printing stickers (Grant)	$877.02	$877.02

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Campus and community engagement with novel *Homegoing* and related programming, including book discussions, guest lectures, workshops, and arts performances. **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Bolivar County Library System, DSU academic and administrative support departments, local non-profit organizations, and schools to distribute 350 copies of *Homegoing* and create four months of programming for						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		campus and community. Delta State was one of 62 non-profits selected across the United States and the only one in Mississippi in 2022-2023.						
DEI	Civil Rights Field Trip - Jackson, MS	**Goal(s):** Provide off-campus enrichment in history and culture of Mississippi, particularly in civil rights in Jackson, Mississippi **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s)**: Increased knowledge of and appreciation for civil rights history in Mississippi	0.75	DEI Coordinator	$1,014.66	**$87.66 - State DEI Acct** **$277.00 - State 108 Acct** **$650.00 - MS Department of Archives** Expenses: $8.40 - Printing posters $606.00 - Nissan Café by Nick Wallace $90.74 - Food $32.42 - Supplies $108.00 - Bus parking at MVSU $169.00 - Civil Rights Museum Tickets	$1,014.66	$1,014.66

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Target Audience: DSU students **Method(s) Used:** Partnered with Office of Student Affairs, Office of Student Life, and Division of Social Sciences and History to take students to Mississippi Civil Rights Museum and Mississippi Valley State University						
DEI	World Afro Day	**Goal(s):** Support student-led initiative to raise awareness and increase knowledge of World Afro Day and issues around hair and identity **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta	0.75	DEI Coordinator	$2,467.84	**$1,215.65 - State DEI Acct** **$1,252.19 - State 108 Acct** Expenses: $500.00 - Speakers $29.50 - Printing cards $24.00 - Printing Posters $560.60 - Supplies $101.55 - Supplies $137.19 - Supplies $1,115.00 - T-shirts	$2,467.84	$2,467.84

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of issues around hair and identity, especially for African Americans **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with World Afro Day organization and student organizer, Eboni Jones, for activities including pop-up shops, panel discussions, a social hour, and painting party						
DEI	Civil Rights Field Trip - Drew, MS - August 2022	**Goal(s):** Increase knowledge of important historic sites in the Mississippi Delta relating to the lynching of Emmett Till **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable	0.75	DEI Coordinator	$182.98	**$182.98 - State** Expenses: $9.80 - Printing $23.18 - Food $150.00 - Food	$182.98	$182.98

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of U.S. and Mississippi Delta history, civil rights era, social justice movements, and Black history **Target Audience:** DSU students **Method(s) Used:** Partnered with Division of Social Sciences and History to attend community program in Drew, Mississippi, for the 67th anniversary of the lynching of Emmett Till						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	"Day of Dialogue for Racial Healing and Relationship Building" - September 2022	**Goal(s):** Participate in Day of Dialogue for Racial Healing and Relationship Building **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased dialogue among DSU campus and community stakeholders around racial reconciliation and community connections and networking **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$11.20	**$11.20 - State** Expenses: $11.20 - Printing	$11.20	$11.20

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with the Racial Reconciliation Taskforce Episcopal Diocese of Mississippi and Calvary Episcopal Church to bring together DSU students, faculty, and staff and community members for a workshop						
DEI	Moon Festival - September 2022	**Goal(s):** Increase knowledge and appreciation of three cultural holidays in Korea, Japan, and China. Increase knowledge of NASA's Artemis moon missions and DSU's planetarium. Objective(s): #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment;	0.75	DEI Coordinator	$241.88	**$109.00 - State $132.88 - MDCHM In Kind Donation** Expenses: $132.88 - MDCHM $24.50 - Printing posters $20.00 - Printing handouts $64.50 - Supplies	$109	$109

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		#6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. Expected Outcome(s): Increased knowledge of Mid-Autumn Festival (China), Chuseok (Korea), and Otsukimi (Japan) and NASA's Artemis moon missions Target Audience: DSU campus and general public Method(s) Used: Partnered with Mississippi Delta Chinese Heritage Museum, Japan Outreach Initiative, Division of Mathematics and Sciences, DSU Wiley Planetarium, and DSU international faculty, staff, and students to have an educational evening with activities including a NASA Artemis moon show at the planetarium, origami, and eating Chinese moon cakes, Korean rice cakes, and Japanese sticky rice cakes.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
	Study Abroad and International Outreach	**Goal(s):** Increase knowledge among DSU students about the process to receive a U.S. passport and study abroad opportunities **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s)**: Increased knowledge of how to apply for a U.S. passport, study abroad opportunities, and international students from 40+ countries **Target Audience:** DSU students	0.75	DEI Coordinator	$88.72	**$88.72 - State 108 Acct** Expenses: $7.00 - Printing $22.80 - Printing Critical Language Scholarship $1.92 - Printing $57.00 - Printing	$88.72	$88.72

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with International Student Services to create t-shirts to increase visibility of international students. Created and printed posters for campus distribution. Held public information table in the Union to talk with students and distribute passport applications and instructions. Information tables with Critical Language Scholarship information.						
DEI	Japan Outreach Initiative - Year-Round	**Goal(s):** Increase knowledge and appreciate of Japanese history and culture through support of Japan Outreach Initiative **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a	0.75	DEI Coordinator	$342.18	**$145.77 - State DEI Acct** **$196.41 - State 108 Acct** Expenses: $7.00 - Printing Memphis Japan festival posters $10.00 - Printing Kochi University exchange $20.39 - Supplies $16.92 - Supplies $6.14 - Food	$342.18	$342.18

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and appreciation of Japanese history and culture **Target Audience:** DSU campus **Method(s) Used:** Applied to Laurasian Institution and Japan Foundation to be selected as a two-year host site for a Japan Outreach Initiative (JOI) Coordinator. Campus activities include monthly Japan Club meetings and workshops, Japanese Language Club, public presentations, field trip to Memphis Japan Festival, and new language collaboration with Kochi University in Japan.				$75.38 - Food (108) $20.03 - Food (108) $37.40 - Food $101.00 - Memphis Japan Festival Tickets (108) $47.92 - Food		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Hispanic Heritage Month, Dia de los Muertos, and *La Guernica* - October and November 2022 and March 2023	**Goal(s):** Celebrate Hispanic and Latinx heritage and cultures **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of Hispanic and Latinx history cultures in the United States and Mississippi Delta **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$1,241.09	**$79.00 - State DEI Acct** **$1,162.00 - State 108 Acct** Expenses: $35.00 - Printing $350.00 - Tamales (108) $34.25 - Plaque $0.06 - Supplies $9.78 - Food $600.00 - Food (108) $12.00 - Supplies (108) $200.00 - Audio services (108)	$1,241.09	$1,241.09

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Division of Languages and Literature for activities. Events included: Hispanic Heritage Day featuring local Mexican and Mexican-American community members' performances of traditional dances and singing; Sampling of locally made Hispanic and Latinx foods; Dia de los Muertos class project and public presentation; Presentation about Picasso's La Guernica						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Okra OUT, Safe Space, and Pride Alliance - Year-Round	**Goals:** Celebrate LGBTQ+ History Month. Provide optional training for DSU campus and community about LGBTQ+ issues. Support Pride Alliance campus organization. **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of LGBTQ+ history and issues. Increased support of LGBTQ+ campus members and allies.	0.75	DEI Coordinator	$1,123.90	**$579.40 - State 108 Acct** **$119.50 - State DSU Library Accy** **$425.00 - LGBTQ Fund of Mississippi grant** Expenses: $10.00 - Printing $500 - Justin Holbrook honorarium $10.00 - Printing poster $250.00 - Kayla Martin-Gant honorarium (108) $78.90 - Food (108) $100.00 - Lighting services (108) $83.50 - Pins (108) $24.50 - Printing posters $67.00 - Pins (108)	$698.90	$698.90

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Target Audience: DSU campus and general public **Method(s) Used:** Partnered with Roberts-LaForge Library, Division of Languages and Literature, and LGBTQ Fund of Mississippi. Activities included: Participating in DSU Homecoming Parade; Pride Alliance information tables at New Student Orientation and in Union; Lavender Graduation; public lecture "Brick by Brick: Censorship and the Policing of Queer Identity and Expression in 21st Century Libraries" with Kayla Martin-Grant; two movie nights and discussions "But I'm a Cheerleader" and "Mama Bears," annual Okra OUT drag show, and LGBTQ+ book display in Roberts-LaForge Library.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	First Generation College Celebration - November 2022	**Goals:** Provide networking opportunities for DSU first-generation college students **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased connections between enrolled first-generation college students and on-campus first-generation faculty, staff, and administrators. Greater visibility of resources for first-generation students.	0.75	DEI Coordinator	$1,272.51	**$12.00 - State DEI Acct** **$760.51 - State 108 Acct** **$500.00 - External Grant** Expenses: $12.00 - Printing poster $936.58 - Food for networking lunch (108) $129.00 - Screening rights for Personal Statement (108) $74.93 - Food (108) $120.00 - Tablecloth rental (108)	$772.51	$772.51

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Target Audience: DSU campus **Method(s) Used:** Partnered with McNair Research Scholars Program (TRIO); Delta Educational Opportunity Center (TRIO); Office of Student Affairs; Office of Academic Affairs; Ford Center for Teaching and Learning; Student Success Center; Faculty Senate; and Administrative Staff Council. Activities included: Networking Luncheon for enrolled first-generation college students and first-generation faculty, staff, and administrators; engagement tables with information in Union; creation of first-generation t-shirts; and screening of film *Personal Statement*.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	"The Queen of Basketball" - November 2022	**Goal(s):** Increase awareness of significance of Lusia "Lucy" Harris, a Delta State alumna and premier basketball player for Delta State and the U.S. Olympic team **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and awareness of Delta State history, Title IX relating to sports equity, U.S. history, and civil rights history. **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$303.58	**$303.58 - State** Expenses: $45.00 - Printing handouts $48.00 - Printing posters $74.71 - Food $135.87 - Food	$303.58	$303.58

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Activities included public film screening, t-shirts and pins designed by a DSU student celebrating Lucy Harris and DSU legendary coach Margaret Wade, and information handouts shared at events and home basketball games.						
DEI	Dr. Martin Luther King, Jr. Day and National Day of Racial Reconciliation	**Goal(s):** Celebration Dr. Martin Luther King Jr. Day and Participate in National Day of Racial Healing **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and	0.75	DEI Coordinator	$319.50	**$69.50 - State $250.00 - Mississippi Humanities Council** Expenses: $250.00 - Honorarium $24.50 - Printing posters $19.50 - Printing handout cards $25.50 - Printing	$69.50	$69.50

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		inclusion efforts. **Expected Outcome(s):** Increased knowledge of Black history, legacy of Dr. King, and civil rights era; Increased communication and dialogue around racial reconciliation **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Mississippi Humanities Council and Division of Social Sciences and History to bring Hezekiah Watkins for a guest talk. Mr. Watkins was 13 years old in 1961 when he was arrested in Jackson, Mississippi, as a Freedom Rider. He spent five days in Parchman Penitentiary.						

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Lunar New Year - January 2023	**Goal(s):** Create inclusive campus Lunar New Year celebration **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and awareness of Asian American history and culture, particularly cultures celebrating Lunar New Year **Target Audience:** DSU campus and general public	0.75	DEI Coordinator	$576.07	**$21.00 - State DEI Acct** **$328.00 - State 108 Acct** **$228.15 - MDCHM In-kind Donation** Expenses: $228.15 - MDCHM Provided Supplies $21.00 - Printing posters $88.72 - Supplies $17.99 - Supplies $20.95 - Supplies $199.26 - Supplies	$349	$349.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Method(s) Used: Partnered with Mississippi Delta Chinese Heritage Museum Board and University Archives and Museums to create interactive Lunar New Year celebration appropriate for all ages						
DEI	"Inaugural Ballers" - February 2023	**Goal(s):** Increase knowledge of women's history and sports history, particularly Title IX sports equity and DSU women's basketball legacy **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment;	0.75	DEI Coordinator	$2,897.47	**$271.47 - State DEI Acct** **$126.00 - State 108 Acct** **$2,500.00 - Mississippi Humanities Council grant** Expenses: $2,500.00 - Honorarium and Travel Expenses $64.00 - Printing posters $11.75 - Printing postcards $36.00 - Printing handouts	$397.47	$397.47

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		#6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge and awareness of women's sports history through the lens of learning about the 1976 U.S. women's Olympic basketball team **Target Audience:** DSU campus and general public **Method(s) Used:** Partnered with Mississippi Humanities Council, Division of Social Sciences and History, and Division of Health, Physical Education, and Recreation. Activities include: Hosting Andrew Maraniss, author of *Inaugural Ballers: The True Story of the First U.S. Women's Olympic Basketball Team*, for book talks at public elementary school and Delta State				$16.00 - Printing inserts $4.42 - Printing evaluations $39.30 - Food $126.00 - Food (108) $100.00 - Social media ads		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Black History Month - February 2023	**Goal(s):** Celebrate Black History Month **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge about Black history **Target Audience:** DSU campus and general public **Method(s) Used:** Film screening of *The Loyola Project*, a documentary about the 1963 Loyola Ramblers men's basketball team that broke racial barriers and changed college basketball forever. Partnered with Office of	0.75	DEI Coordinator	$214.43	**$9.80 - State DEI Acct** **$204.63 - State 108 Acct** $9.80 - Printing posters for AASC $97.59 - Books for Black History Month Trivia (108) $107.04 - Shirts for Black History Month Trivia (108)	$214.43	$214.43

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Student Life for daily Black History Month Trivia competition and social media posts. Partnered with African American Student Council for Black History Month spoken word and music event.						
DEI	Heart and Soles - Honors Project	**Goal(s):** Increase awareness of heart health among campus constituents through service learning project by honors students **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts.	0.75	DEI Coordinator	$22	**$22.00 - State** Expenses: $22.00 - Printing	$22	$22

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Expected Outcome(s): Increased knowledge about disparities in health heart and increased engagement with students about heart health **Target Audience**: DSU campus **Method(s) Used:** Partnered with honors public service learning students to have heart health information distribution and daily steps challenge.						
DEI	Virtual Coffee Hour	**Goals:** Create opportunities for non-traditional students to meet and find support **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #4 - Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment;	0.75	DEI Coordinator	$0	**$0.00 - State** Expenses:	$0.00	$0.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		#6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Improved retention of non-traditional students. Increased completion rates of Complete2Compete program at Delta State. **Target Audience:** DSU students **Method(s) Used:** Partnered with Student Success Center and Complete2Compete coordinator for a series of virtual (Zoom) meetings.						
DEI	Winning the Race	**Goals:** Workshop for campus and community stakeholders about future of racial reconciliation dialogue and action **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 -Improve retention of underrepresented students, faculty, and staff; #4 -	0.75	DEI Coordinator	$6,580.78	**$4,950.69 - State $1,630.09 - Private Foundation** Expenses: Delta Party Rental: $403.20 Lanyards: $27.88 Peter's Pottery: $129.50	$4,950.69	$4,950.69

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Utilize and provide diverse perspectives, inclusive materials, and equitable pedagogy within formal and informal curricula; #5 - Promote a safer and more supportive campus environment; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased stakeholder engagement **Target Audience:** DSU campus and general public **Method(s) Used:** The Alluvial Collective facilitated small group "circle sessions" focused on connecting stakeholders, building community, and discussing equity.				Walmart: $7.62 (dessert plates) Walmart: $110.99 (supplies for event day/lunch needs/post its/more) $3,950.00 - Alluvial Collective $35.00 - Printing posters $19.50 - Printing postcards $0.70 - Printing certificates $16.00 - Printing lunch programs $8.40 - Printing Survey and QR Code $22.00 - Printing Guideposts $99.90 - Supplies from Wayfair $120.00 - poster printing $230.00 - plaques $1,400.09 - Lunch catering		

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI	Outreach and Organization	**Goal(s):** Increase engagement with and awareness of DEI on campus **Objective(s):** #1 - Engage students, faculty, and staff in DEI and cultural competence learning opportunities; #3 - Improve retention of underrepresented students, faculty, and staff; #6 - Partner more visibly in Delta State University and Delta communities' diversity, equity, and inclusion efforts. **Expected Outcome(s):** Increased knowledge of and engagement with DEI activities **Target Audience:** DSU campus and general public **Method(s) Used:** Purchase of DEI branded items to bring to DEI and other campus activities	0.75	DEI Coordinator	$772.62	**$132.86 - State DEI Acct** **$639.76 - State 108 Acct** Expenses: $639.76 - Geiger (108) $132.86 - Supplies from Walmart	$772.62	$772.62
					$63,035.50	**$63,035.50**	**$51,488.61**	**$51,488.61**

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Jackson State University Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
					$0.00	$0.00	$0.00

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Jackson State University Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
					$0.00	$0.00	$0.00

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Jackson State University Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Health, Physical Education and Recreation	GRANT Advancing Health Equity in Chronic Kidney Disease: Changing the Narrative to Serve Mississippi's Most Equitable Populations	Our strategy is to utilize a three pronged approach to provide sustainable strategies to prevent Chronic Kidney Disease (CKD) and/or slow the progression of CKD, increase awareness of CKD, and institute lifestyle modifications in equitable populations across Mississippi.	7.00	Instructor, Assistant Professor, Chair, Administrative Assistant	$162,230.00	$162,230.00	$6,971.83
University College (AA)	Instruction	Embraced Corequisite Approach and Motivational Framework for Culturally Responsive Teaching (Establishing inclusion, developing attitude, enhancing meaning, and engendering competency)	0.05	Instructors of English- Instructors of Mathematics- Instructors of Reading- Instructors of Academic Support-	$587,592.66	$29,379.63	$29,379.63
					$749,822.66	**$191,609.63**	**$36,351.46**

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Jackson State University Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
College of Education and Human Development Health, Physical Education and Recreation (AA)	GRANT Advancing Health Equity in Chronic Kidney Disease: Changing the Narrative to Serve Mississippi's Most Equitable Populations	Our strategy is to utilize a three pronged approach to provide sustainable strategies to prevent Chronic Kidney Disease (CKD) and/or slow the progression of CKD, increase awareness of CKD, and institute lifestyle modifications in equitable populations across Mississippi.	7.00	Instructor, Assistant Professor, Chair, Administrative Assistant	$162,230.00	$162,230.00	$6,971.83
					$162,230.00	**$162,230.00**	**$6,971.83**

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Mississippi State University Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office Of Admissions and Scholarships	Students Paving A Road to Knowledge Leadership Conference	SPARK is a leadership conference for rising high school junior students who self identify as underrepresented. SPARK's goal is to help this group of students create a plan for life after high school. This is achieved by introducing students to four year institutions, community college, military, trade school, etc. Students participating have shown a greater likelihood to enroll at Mississippi State, as well as be retained. 2021 participants showed a 14% increase of enrollment over comparative populations. Retention rates are on average 5% higher than comparative populations.	1.00	Assistant Director of Recruitment Activities and Diversity Initiatives	$110,977.00	$18,969.71	$18,969.71

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Dr. Harold Grier Doctoral Scholars Program (SREB)	The Dr. Harold Grier Doctoral Scholars Program (SREB) is designed to graduate more minority Ph.D. students, particularly those seeking careers as faculty. Although the educational pipeline narrows for all racial groups as they progress from high school to college and from college to graduate studies, the pipeline is more restrictive for underrepresented groups. This obstructive climb throughout the educational ranks influences the representation of underrepresented minorities in graduate education enrollment, doctorate conferrals, and successful placement in careers where a doctorate is a prerequisite. A diverse faculty body creates tangible good for students from all backgrounds, as it promotes a learning environment that is inclusive and representative of the world we live in. Diverse faculty teaching students from all backgrounds creates classroom environments where a multiplicity of perspectives are welcome, and encourages freedom of exchange (Hurtado, 2002). The more diverse the faculty, the better the chance that all students can connect with faculty and experience the high-impact	0.25	Coordinator	$2,500.00	$0.00	$0.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		learning practice of mentorship. Engaging with racially and culturally diverse faculty also fosters greater understanding and respect for others, enhances problem-solving skills, and ultimately prepares students from all backgrounds to become good global citizens and successful workers (The Education Trust, 2022). This strengthens America's economy, as it prepares students for professional success in an increasingly-global world (American Council on Education, 2012). By the time an MSU student graduates, they can have worked with faculty from all over the globe holding a wide variety of identities and teaching styles.					
Holmes Cultural Diversity Center	Student Leadership Retreat	Leadership development plays an essential role in the personal and professional growth of college students. It helps students develop important skills, including communication, teamwork, problem-solving, decision-making, and critical thinking, which are essential for success in any field (Astin, 2011). Leadership development programs help college students develop self-awareness and emotional intelligence, which are essential qualities for effective leadership (Dugan,	0.10	Graduate Assistant	$1,500.00	$345.00	$345.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		2015). Moreover, leadership development helps college students build a network of peers, mentors, and professionals in their field. By participating in leadership development programs, students connect with like-minded individuals, gain valuable insights feedback, and build relationships. Developing diverse student leaders encourages them to engage with other student leaders and leverage the combined membership of multiple student organizations to pursue mutual benefit.					
Holmes Cultural Diversity Center	Latinx Open House	According the Pew Research Center, the Latinx population reached an all-time high of nearly 58 million in 2016 and has been the principal driver of demographic growth. According the U.S. Census, Mississippi's Hispanic population has more than doubled since 2010 and is expected to double again to greater than 160,000. However, Latinx four-year college enrollment rates are lower any other minority group. As the American economy continues to become knowledge-based, a college degree becomes more and more essential. While degree attainment is often thought of and framed as an individual benefit, it also has tremendous valuation on	0.10	Graduate Assistant	$5,000.00	$1,150.00	$1,150.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		larger societal benefits, such as increased tax revenue and less reliance on public assistance or social programs. The goal of Latinx Open House is to address the Hispanic achievement gap in the state of Mississippi in comparison to the growing reality of the Latinx population. Our data has demonstrated that before Latinx Open House, 66% of the students who attended had not begun thinking about higher education. After attending, 71% of students said they understand the reality of college life more clearly and 74% felt more encouraged to attend college.					
Holmes Cultural Diversity Center		The Holmes Cultural Diversity Center strives to enhance the college experience of students via various services and programs designed to assist them in achieving academic efficiency, to make a smooth transition to college life, and to grow in their awareness and appreciation of different cultures. The Center is responsible for increasing the retention of students, including females, racial minorities, international students, low income students, and first generation students, by providing programs and services designed to help students achieve their academic and career	1.30	Assistant Vice President for Multicultural Affairs; Assistant Director; 2 Program Coordinators, Graduate Assistant, Receptionist	$266,389.19	$61,269.51	$61,269.51

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		goals while finding a sense of belonging; encourage and assist students with their academic and social adjustments to college life; promote the positive image that all cultures contribute to the university; and make the college experience a productive, successful endeavor for all students at Mississippi State University.					
		Fringe benefits	1.30	Assistant Vice President for Multicultural Affairs; Assistant Director; 2 Program Coordinators, Graduate Assistant, Receptionist	$91,089.26	$20,950.53	$20,950.53
		Other operational expenses - These include the operational costs of the office such as telephones, copier costs, office travel such as attending the NASPA conference, printing charges for programming materials, furniture and equipment, etc.			$24,958.00	$5,740.34	$5,740.34

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion		The Office of Institutional Diversity (OIDI) and Inclusion is responsible for providing collaborative leadership that creates and sustains a diverse and inclusive environment for all members of our faculty and staff. OIDI supports the mission and values of Mississippi State University by working with campus partners to facilitate university policies and support campus initiatives that enhances a culture of belonging for our underrepresented faculty and staff. OIDI is responsibe for facilitating efforts that promote retention among faculty and staff and is also responsible for facilitating a free exchange of ideas and open dialogue, that creates an environment of mutual respect, understanding, and cooperation.	2.00	Coordinator for Diversity Initiatives; Graduate Assistant	$56,386.80	$12,968.96	$12,968.96
		Fringe benefits	2.00	Coordinator for Diversity Initiatives; Graduate Assistant	$21,837.46	$5,022.62	$5,022.62
		Other operational expenses include telephones, copier charges, commodities, and contractural services including attendance at an annual conference hosted by SREB, a membership in the National			$64,860.00	$14,917.80	$14,917.80

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day. Some of these expenses were transferred in 2022 to the newly created Division of Access, Diversity & Inclusion.					
					$645,497.71	$141,334.47	$141,334.47

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Mississippi State University Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office Of Admissions and Scholarships	Students Paving A Road to Knowledge Leadership Conference	SPARK is a leadership conference for rising high school junior students who self identify as underrepresented. SPARK's goal is to help this group of students create a plan for life after high school. This is achieved by introducing students to four year institutions, community college, military, trade school, etc. Students participating have shown a greater likelihood to enroll at Mississippi State, as well as be retained. 2021 participants showed a 14% increase of enrollment over comparative populations. Retention rates are on average 5% higher than comparative populations.	1.00	Assistant Director of Recruitment Activities and Diversity Initiatives	$61,035.00	$14,038.05	$14,038.05
Office of Institutional Diversity & Inclusion	Future Faculty Career Exploration Program	A diverse faculty body creates tangible good for students from all backgrounds, as it promotes a learning environment that is inclusive and representative of the world we live in. Diverse faculty teaching students from all backgrounds creates classroom environments where a multiplicity of perspectives are welcome, and encourages freedom of exchange (Hurtado, 2002). The more diverse the faculty, the better the chance that all students can connect with faculty and experience the high-impact learning practice of mentorship. Engaging with racially and culturally diverse faculty also fosters greater understanding and respect for others, enhances	0.05	Coordinator	$5,994.00	$918.62	$918.62

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		problem-solving skills, and ultimately prepares students from all backgrounds to become good global citizens and successful workers (The Education Trust, 2022). This strengthens America's economy, as it prepares students for professional success in an increasingly-global world (American Council on Education, 2012). As a result, the Future Faculty Career Exploration Program is designed to invite exceptional scholars in the final year of their doctoral studies, as well as post-docs, to experience Mississippi State University. The program objectives are to establish meaningful relations with prospective faculty members, expose participants to MSU as a teaching, research and service institution, and give participants the opportunity to present scholarly research.					

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Affinity Groups	One of the most effective methods for promoting retention among faculty and staff is the provision of mentoring and support systems (Whittaker et al., 2015). The Office of Institutional Diversity and Inclusion's affinity-based programming offers opportunities for faculty and staff to engage in informal mentoring and relationship building with other faculty thus contributing to the overall retention of diverse talent. It is in the university's best interest to hire talented faculty and to encourage long-term faculty retention. Long-term faculty retention is more likely to create faculty with a vested interest in MSU and Starkville, who understand the needs of our students, and who share institutional values. Participating in affinity-based networking groups creates the opportunity for identity-shared mentorship and the long-term retention of faculty (Lunsford, 2013). These mentorship relationships encourage faculty to navigate the intricacies of any large organization, and mentors provide support in ways that supervisors simply cannot. Mentors can more easily and honestly clarify expectations, unofficial norms, and provide feedback, supporting the growth and success of the faculty person. These affinity groups	0.10	Coordinator	$9,800.00	$1,150.00	$1,150.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		produce the same benefits that any networking organization does, including relationship building, gaining new perspectives, expanding professional support, and learning from others. Additionally, the professional development and collaboration opportunities are nearly limitless. Grants increasingly call for cross-discipline and cross-institution collaboration, functions which are nearly impossible without networking groups. Sharing resources, advice, and collaborating on student-facing projects are other outcomes from a successful affinity group. Several grant proposals and awards, academic publications, and institutional collaborations have already been producing among professionals who would likely never have connected outside of the OIDI affinity groups which includes a group for women, professionals of color, young professionals, and those from outside of the state.					

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Diversity Education Series	A free exchange of ideas is essential for a university because it allows for the exploration and development of new knowledge and perspectives. When students, faculty, and staff are encouraged to share their ideas, thoughts, and opinions openly, they create an environment of intellectual curiosity and critical thinking. These educational sessions provide an overview of research on the exchange between behavior and social identity, and encourage participants to create an environment where everyone's backgrounds are respected. This senses of openness helps to foster a sense of community within the university. By encouraging individuals to share their ideas and engage in open dialogue, universities create an environment of mutual respect, understanding, and cooperation. Additionally, literature demonstrates that this leads to social cohesion, improved communication, and ultimately, a better learning experience for everyone involved. Understanding techniques to encourage a free exchange of ideas benefits everyone at a diverse institution. This exchange is part of why MSU has been ranked in the top 5 nationally for the support of student free speech.	0.50	Coordinator	$6,300.00	$1,449.00	$1,449.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Dr. Harold Grier Doctoral Scholars Program (SREB)	The Dr. Harold Grier Doctoral Scholars Program (SREB) is designed to graduate more minority Ph.D. students, particularly those seeking careers as faculty. Although the educational pipeline narrows for all racial groups as they progress from high school to college and from college to graduate studies, the pipeline is more restrictive for underrepresented groups. This obstructive climb throughout the educational ranks influences the representation of underrepresented minorities in graduate education enrollment, doctorate conferrals, and successful placement in careers where a doctorate is a prerequisite. A diverse faculty body creates tangible good for students from all backgrounds, as it promotes a learning environment that is inclusive and representative of the world we live in. Diverse faculty teaching students from all backgrounds creates classroom environments where a multiplicity of perspectives are welcome, and encourages freedom of exchange (Hurtado, 2002). The more diverse the faculty, the better the chance that all students can connect with faculty and experience the high-impact learning practice of mentorship. Engaging with racially and culturally diverse faculty also fosters greater understanding and respect for	0.25	Coordinator	$26,000.00	$0.00	$0.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		others, enhances problem-solving skills, and ultimately prepares students from all backgrounds to become good global citizens and successful workers (The Education Trust, 2022). This strengthens America's economy, as it prepares students for professional success in an increasingly-global world (American Council on Education, 2012). By the time an MSU student graduates, they can have worked with faculty from all over the globe holding a wide variety of identities and teaching styles.					
Holmes Cultural Diversity Center	Student Leadership Retreat	Leadership development plays an essential role in the personal and professional growth of college students. It helps students develop important skills, including communication, teamwork, problem-solving, decision-making, and critical thinking, which are essential for success in any field (Astin, 2011). Leadership development programs help college students develop self-awareness and emotional intelligence, which are essential qualities for effective leadership (Dugan, 2015). Moreover, leadership development helps college students build a network of peers, mentors, and professionals in their field. By participating in leadership development programs, students connect with like-minded individuals, gain valuable insights feedback, and build	0.10	Graduate Assistant	$3,000.00	$690.00	$690.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		relationships. Developing diverse student leaders encourages them to engage with other student leaders and leverage the combined membership of multiple student organizations to pursue mutual benefit.					
Holmes Cultural Diversity Center		The Holmes Cultural Diversity Center strives to enhance the college experience of students via various services and programs designed to assist them in achieving academic efficiency, to make a smooth transition to college life, and to grow in their awareness and appreciation of different cultures. The Center is responsible for increasing the retention of students, including females, racial minorities, international students, low income students, and first generation students, by providing programs and services designed to help students achieve their academic and career goals while finding a sense of belonging; encourage and assist students with their academic and social adjustments to college life; promote the positive image that all cultures contribute to the university; and make the college experience	2.80	Assistant Vice President for Multicultural Affairs; Associate Director; Assistant Director; Student Resource Coordinator; Program Coordinator; 2 Graduate Assistants; Receptionist	$273,003.16	$62,790.73	$62,790.73

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		a productive, successful endeavor for all students at Mississippi State University.					
		Fringe benefits	2.80		$95,217.56	$21,900.04	$21,900.04
		Other operational expenses - These include the operational costs of the office such as telephones, copier costs, office travel such as attending the NASPA conference, printing charges for programming materials, furniture and equipment, etc.			$13,593.00	$3,126.39	$3,126.39
Office of Institutional Diversity & Inclusion		The Office of Institutional Diversity (OIDI) and Inclusion is responsible for providing collaborative leadership that creates and sustains a diverse and inclusive environment for all members of our faculty and staff. OIDI supports the mission and values of Mississippi State University by working with campus partners to facilitate university policies and support campus initiatives that enhances a culture of belonging for our underrepresented faculty and staff. OIDI is responsibe for facilitating efforts that promote retention among faculty and staff and is also responsible for facilitating a free exchange of ideas and open dialogue, that creates an environment of mutual respect, understanding, and cooperation.	3.00	Coordinator for Diversity Initiatives; Graduate Assistant; Business Coordinator	$98,366.64	$22,624.33	$22,624.33

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Fringe benefits	3.00	Coordinator for Diversity Initiatives; Graduate Assistant; Business Coordinator	$39,457.35	$9,075.19	$9,075.19
		Other operational expenses include telephones, copier charges, commodities, and contractural services including attendance at an annual conference hosted by SREB, a membership in the National Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day. Some of these expenses were transferred in 2022 to the newly created Division of Access, Diversity & Inclusion.			$76,600.00	$17,618.00	$17,618.00
Division of Access, Diversity & Inclusion		Central to the university's public, land-grant mission, the Division works to provide access and opportunity to a diverse population by infusing its core principles into institutional decision making, processes, communications and initiatives. Partnering across academic and administrative units, the Division leverages collective expertise to promote access and foster a diverse and inclusive campus environment that contributes to the enhancement of teaching, research, and service	2.00	Vice President for Access, Diversity and Inclusion	$171,950.71	$39,548.66	$39,548.66

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		at Mississippi State University. The divisional goals are to compliment institutional efforts to identify, attract, retain and graduate a diverse student body; bolster the identification, retention and promotion of diverse faculty, staff and administration; expand pathways and services for support and care for first generation, limited income and diverse students that enhance academic achievement, student development, persistence and degree completion; and enhance campus climate through educational and strategic initiatives. The Division leverages best practices and resources across Mississippi State University's campuses to promote a culture of inclusion and student success where individuals from all racial and ethnic identities, ages, nationalities, social and economic status, religious, political and ideological perspectives, first-generation status, and physical and mental abilities are able to thrive and be engaged.					
		Fringe benefits	2.00		$47,128.30	$10,839.51	$10,839.51
		This office was created in the fall of 2022 and all other expenses are included in the Office of Institutional Diversity and Inclusion above.			$0.00	$0.00	$0.00
					$927,445.72	**$205,768.52**	**$205,768.52**

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Mississippi State University Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Arts & Sciences	IDEA Committee	In 2022, the College of Arts & Sciences formed the "IDEA Committee." This committee was designed to promote an inclusive, diverse, equitable, and accessible environment enriched by the knowledge and skills of our faculty, staff, and students in Arts & Sciences. The IDEA Committee supports Arts & Science research, teaching, and service that seeks to understand and address inequities in our community and beyond; advise the Dean's office on ways to improve climate and opportunities in the College; make recommendations to the Dean's office on processes or priorities to produce a more, inclusive, diverse faculty and staff; and host events and build collaboration with campus partners in other MSU Colleges and Offices to improve structures, practices, and spaces for all faculty, staff, and students on campus.	0.010	Idea Committee Chair	$2,500.00	$368.94	$368.94

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office Of Admissions and Scholarships	Students Paving A Road to Knowledge Leadership Conference	SPARK is a leadership conference for rising high school junior students who self identify as underrepresented. SPARK's goal is to help this group of students create a plan for life after high school. This is achieved by introducing students to four year institutions, community college, military, trade school, etc. Students participating have shown a greater likelihood to enroll at Mississippi State, as well as be retained. 2021 participants showed a 14% increase of enrollment over comparative populations. Retention rates are on average 5% higher than comparative populations.	1.00	Assistant Director of Recruitment Activities and Diversity Initiatives	$118,580.00	$26,087.60	$26,087.60
Office of Institutional Diversity & Inclusion	Diversity Education Series	A free exchange of ideas is essential for a university because it allows for the exploration and development of new knowledge and perspectives. When students, faculty, and staff are encouraged to share their ideas, thoughts, and opinions openly, they create an environment of intellectual curiosity and critical thinking. These educational sessions provide an overview of research on the	0.50	Coordinator	$4,300.00	$946.00	$946.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		exchange between behavior and social identity, and encourage participants to create an environment where everyone's backgrounds are respected. This senses of openness helps to foster a sense of community within the university. By encouraging individuals to share their ideas and engage in open dialogue, universities create an environment of mutual respect, understanding, and cooperation. Additionally, literature demonstrates that this leads to social cohesion, improved communication, and ultimately, a better learning experience for everyone involved. Understanding techniques to encourage a free exchange of ideas benefits everyone at a diverse institution. This exchange is part of why MSU has been ranked in the top 5 nationally for the support of student free speech.					

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Dr. Harold Grier Doctoral Scholars Program (SREB)	The Dr. Harold Grier Doctoral Scholars Program (SREB) is designed to graduate more minority Ph.D. students, particularly those seeking careers as faculty. Although the educational pipeline narrows for all racial groups as they progress from high school to college and from college to graduate studies, the pipeline is more restrictive for underrepresented groups. This obstructive climb throughout the educational ranks influences the representation of underrepresented minorities in graduate education enrollment, doctorate conferrals, and successful placement in careers where a doctorate is a prerequisite. A diverse faculty body creates tangible good for students from all backgrounds, as it promotes a learning environment that is inclusive and representative of the world we live in. Diverse faculty teaching students from all backgrounds creates classroom environments where a multiplicity of perspectives are welcome, and encourages	0.25	Associate Director	$11,554.16	$2,541.92	$2,541.92

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		freedom of exchange (Hurtado, 2002). The more diverse the faculty, the better the chance that all students can connect with faculty and experience the high-impact learning practice of mentorship. Engaging with racially and culturally diverse faculty also fosters greater understanding and respect for others, enhances problem-solving skills, and ultimately prepares students from all backgrounds to become good global citizens and successful workers (The Education Trust, 2022). This strengthens America's economy, as it prepares students for professional success in an increasingly-global world (American Council on Education, 2012). By the time an MSU student graduates, they can have worked with faculty from all over the globe holding a wide variety of identities and teaching styles.					

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Division of Access, Diversity & Inclusion		Central to the university's public, land-grant mission, the Division works to provide access and opportunity to a diverse population by infusing its core principles into institutional decision making, processes, communications and initiatives. Partnering across academic and administrative units, the Division leverages collective expertise to promote access and foster a diverse and inclusive campus environment that contributes to the enhancement of teaching, research, and service at Mississippi State University. The divisional goals are to compliment institutional efforts to identify, attract, retain and graduate a diverse student body; bolster the identification, retention and promotion of diverse faculty, staff and administration; expand pathways and services for support and care for first generation, limited income and diverse students that enhance academic achievement, student development, persistence and degree completion; and enhance campus climate through educational	4.00	Vice President for Access, Diversity & Inclusion; Assistant VP for Access, Diversity & Inclusion; Interim Executive Director; Administrative Assistant	$400,054.30	$88,011.95	$88,011.95

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		and strategic initiatives. The Division leverages best practices and resources across Mississippi State University's campuses to promote a culture of inclusion and student success where individuals from all racial and ethnic identities, ages, nationalities, social and economic status, religious, political and ideological perspectives, first-generation status, and physical and mental abilities are able to thrive and be engaged.					
		Fringe benefits	4.00	Vice President for Access, Diversity & Inclusion; Assistant VP for Access, Diversity & Inclusion; Interim Executive Director; Administrative Assistant	$109,931.71	$24,184.98	$24,184.98

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Other expenses of this office include travel, commodities, and contractural services including a membership in the National Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day, equipment and furniture and other start up costs for the newly created Division of Access, Inclusion, and Diversity.			$124,483.00	$27,386.26	$27,386.26
Holmes Cultural Diversity Center		The Holmes Cultural Diversity Center strives to enhance the college experience of students via various services and programs designed to assist them in achieving academic efficiency, to make a smooth transition to college life, and to grow in their awareness and appreciation of different cultures. The Center is responsible for increasing the retention of students, including females, racial minorities, international students, low income students, and first generation students, by providing programs and services designed to help students achieve their academic and career goals while finding a sense of	0.90	Associate Director; Student Resource Coordinator; Program Coordinator; 2 Graduate Assistants	$183,556.57	$40,382.45	$40,382.45

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		belonging; encourage and assist students with their academic and social adjustments to college life; promote the positive image that all cultures contribute to the university; and make the college experience a productive, successful endeavor for all students at Mississippi State University.					
		Fringe benefits	0.90	Associate Director; Student Resource Coordinator; Program Coordinator; 2 Graduate Assistants	$66,089.50	$14,539.69	$14,539.69
		Other operational expenses - These include the operational costs of the office such as telephones, copier costs, office travel such as attending the NASPA conference, printing charges for programming materials, furniture and equipment, etc.			$16,281.00	$3,581.82	$3,581.82

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion		The Office of Institutional Diversity (OIDI) and Inclusion is responsible for providing collaborative leadership that creates and sustains a diverse and inclusive environment for all members of our faculty and staff. OIDI supports the mission and values of Mississippi State University by working with campus partners to facilitate university policies and support campus initiatives that enhances a culture of belonging for our underrepresented faculty and staff. OIDI is responsibe for facilitating efforts that promote retention among faculty and staff and is also responsible for facilitating a free exchange of ideas and open dialogue, that creates an environment of mutual respect, understanding, and cooperation.	3.00	Director; Associate Director for Assessment & Development; Business Coordinator	$169,125.04	$37,207.51	$37,207.51
		Fringe benefits	3.00	Director; Associate Director for Assessment & Development; Business Coordinator	$58,753.22	$12,925.71	$12,925.71

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Other operational expenses include telephones, copier charges, commodities, and contractural services including attendance at an annual conference hosted by SREB, a membership in the National Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day. Some of these expenses were transferred in 2022 to the newly created Division of Access, Diversity & Inclusion.			$21,091.00	$4,850.93	$4,850.93
					$1,286,299.50	**$283,015.74**	**$247,196.73**

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Mississippi State University Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Arts & Sciences	IDEA Committee	In 2022, the College of Arts & Sciences formed the "IDEA Committee." This committee was designed to promote an inclusive, diverse, equitable, and accessible environment enriched by the knowledge and skills of our faculty, staff, and students in Arts & Sciences. The IDEA Committee supports Arts & Science research, teaching, and service that seeks to understand and address inequities in our community and beyond; advise the Dean's office on ways to improve climate and opportunities in the College; make recommendations to the Dean's office on processes or priorities to produce a more, inclusive, diverse faculty and staff; and host events and build collaboration with campus partners in other MSU Colleges and Offices to improve structures, practices, and spaces for all faculty, staff, and students on campus.	0.015	Idea Committee Chair	$4,500.00	$624.00	$624.00
Office Of Admissions and Scholarships	Students Paving A Road to Knowledge Leadership Conference	SPARK is a leadership conference for rising high school junior students who self identify as underrepresented. SPARK's goal is to help this group of students create a plan for life after high school. This is achieved by introducing students to four year institutions, community college, military, trade school, etc. Students participating have shown a greater likelihood to enroll at Mississippi State, as well	1.00	Assistant Director of Recruitment Activities and Diversity Initiatives	$72,080.00	$17,299.20	$17,299.20

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		as be retained. 2021 participants showed a 14% increase of enrollment over comparative populations. Retention rates are on average 5% higher than comparative populations.					
Office of Institutional Diversity & Inclusion	Affinity Groups	One of the most effective methods for promoting retention among faculty and staff is the provision of mentoring and support systems" (Whittaker et al., 2015). The Office of Institutional Diversity and Inclusion's affinity-based programming offers opportunities for faculty and staff to engage in informal mentoring and relationship building with other faculty thus contributing to the overall retention of diverse talent. It is in the university's best interest to hire talented faculty and to encourage long-term faculty retention. Long-term faculty retention is more likely to create faculty with a vested interest in MSU and Starkville, who understand the needs of their students, and who share institutional values. Participating in affinity-based networking groups creates the opportunity for identity-shared mentorship and the long-term retention of faculty (Lunsford, 2013). These mentorship relationships encourage faculty to navigate the intricacies of any large	0.10	Coordinator	$1,975.77	$474.18	$474.18

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		organization, and mentors provide support in ways that supervisors simply cannot. Mentors can more easily and honestly clarify expectations, unofficial norms, and provide feedback, supporting the growth and success of the faculty person. These affinity groups produce the same benefits that any networking organization does, including relationship building, gaining new perspectives, expanding professional support, and learning from others. Additionally, the professional development and collaboration opportunities are nearly limitless. Grants increasingly call for cross-discipline and cross-institution collaboration, functions which are nearly impossible without networking groups. Sharing resources, advice, and collaborating on student-facing projects are other outcomes from a successful affinity group. Several grant proposals and awards, academic publications, and institutional collaborations have already been producing among professionals who would likely never have connected outside of the OIDI affinity groups which includes a group for women, professionals of color, young professionals, and those from outside of the state.					

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Institutional Diversity & Inclusion	Dr. Harold Grier Doctoral Scholars Program (SREB)	The Dr. Harold Grier Doctoral Scholars Program (SREB) is designed to graduate more minority Ph.D. students, particularly those seeking careers as faculty. Although the educational pipeline narrows for all racial groups as they progress from high school to college and from college to graduate studies, the pipeline is more restrictive for underrepresented groups. This obstructive climb throughout the educational ranks influences the representation of underrepresented minorities in graduate education enrollment, doctorate conferrals, and successful placement in careers where a doctorate is a prerequisite. The United States Bureau of Labor Statistics posit that 64 determined occupations require a terminal degree, coded as a "doctoral or professional degree;" and many, but not all of which, are situated within higher education (U.S. Bureau of Labor Statistics, 2021). This is compared to 169 job categories available to those with a bachelor's degree, and 332 job categories open to those with a high school diploma. Regarding the industries represented in the U.S. Bureau of Labor Statistics data, the academy employs the greatest majority (39.6%) of doctoral recipients.	0.25	Director	$33,268.45	$7,984.43	$7,984.43

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Holmes Cultural Diversity Center	Student Leadership Retreat	Leadership development plays an essential role in the personal and professional growth of college students. It helps students develop important skills, including communication, teamwork, problem-solving, decision-making, and critical thinking, which are essential for success in any field (Astin, 2011). Leadership development programs help college students develop self-awareness and emotional intelligence, which are essential qualities for effective leadership (Dugan, 2015). Moreover, leadership development helps college students build a network of peers, mentors, and professionals in their field. By participating in leadership development programs, students connect with like-minded individuals, gain valuable insights feedback, and build relationships. Developing diverse student leaders encourages them to engage with other student leaders and leverage the combined membership of multiple student organizations to pursue mutual benefit. MSU freshmen report having fewer discussions with people different from themselves and doing less collaborative learning than students at similar institutions (NSSE Engagement Snapshot, 2021). The HCDC Student Leadership series provides the skills and	0.25	Assistant Director	$5,414.27	$1,299.42	$1,299.42

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		connections needed to create these impactful collaborations. Moreover, it ensures that diverse students leaders have access to professional and academic development and have the capacity to share that development with the organizations they lead. This sets up student leaders to become community leaders with the skills they need to improve their community and our shared future. The skills taught at these works are often considered "soft skills", interpersonal skills including things like effective communication, teamwork, problem-solving, and critical thinking. These are the same skills that 83% of Mississippi employers surveyed indicated that they need the most (Mississippi Economic Council survey, 2021). These employers indicated that the number one issue in hiring was that candidates were missing soft skills, or employability skills to an extent that their business was threatened. Participants in the HCDC Leadership Development series will have been prepared to enter the workforce as developed leaders with all the skills needed for success.					

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Division of Access, Diversity & Inclusion		Central to the university's public, land-grant mission, the Division works to provide access and opportunity to a diverse population by infusing its core principles into institutional decision making, processes, communications and initiatives. Partnering across academic and administrative units, the Division leverages collective expertise to promote access and foster a diverse and inclusive campus environment that contributes to the enhancement of teaching, research, and service at Mississippi State University. The divisional goals are to compliment institutional efforts to identify, attract, retain and graduate a diverse student body; bolster the identification, retention and promotion of diverse faculty, staff and administration; expand pathways and services for support and care for first generation, limited income and diverse students that enhance academic achievement, student development, persistence and degree completion; and enhance campus climate through educational and strategic initiatives. The Division leverages best practices and resources across Mississippi State University's campuses to promote a culture of inclusion and student success where individuals from all racial and ethnic identities,	4.00	Vice President for Access, Diversity & Inclusion; Associate Director for Assessment & Development; Director for ADI Budget & Management; Administrative Assistant	$407,135.74	$97,712.58	$97,712.58

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		ages, nationalities, social and economic status, religious, political and ideological perspectives, first-generation status, and physical and mental abilities are able to thrive and be engaged.					
		Fringe benefits	4.00	Vice President for Access, Diversity & Inclusion; Associate Director for Assessment & Development; Director for ADI Budget & Management; Administrative Assistant	$115,744.30	$27,778.63	$27,778.63

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Other expenses of this office include travel, commodities, and contractural services including a membership in the National Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day, equipment and furniture and other start up costs for the newly created Division of Access, Inclusion, and Diversity.			$100,424.00	$24,101.76	$24,101.76
Holmes Cultural Diversity Center		The Holmes Cultural Diversity Center strives to enhance the college experience of students via various services and programs designed to assist them in achieving academic efficiency, to make a smooth transition to college life, and to grow in their awareness and appreciation of different cultures. The Center is responsible for increasing the retention of students, including females, racial minorities, international students, low income students, and first generation students, by providing programs and services designed to help students achieve their academic and career goals while finding a sense of belonging; encourage and assist students with their academic and social adjustments to college life; promote the positive image that all cultures contribute to the university; and make the college experience a productive, successful	1.40	Interim Director; Assistant Director for Outreach & Engagement; Assistant Director for Student Success & Engagement; 2 Graduate Assistants	$217,322.46	$52,157.39	$52,157.39

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		endeavor for all students at Mississippi State University.					
		Fringe benefits	1.40	Interim Director; Assistant Director for Outreach & Engagement; Assistant Director for Student Success & Engagement; 2 Graduate Assistants	$89,050.52	$21,372.12	$21,372.12
		Other operational expenses - These include the operational costs of the office such as telephones, copier costs, office travel such as attending the NASPA conference, printing charges for programming materials, furniture and equipment, etc.			$27,231.00	$6,535.44	$6,535.44
Office of Institutional Diversity & Inclusion		The Office of Institutional Diversity (OIDI) and Inclusion is responsible for providing collaborative leadership that creates and sustains a diverse and inclusive environment for all members of our faculty and staff. OIDI supports the mission and values of Mississippi State University by working with campus	4.00	Director; Coordinator; Administrative Assistant; Graduate Assistant	$149,439.31	$35,865.43	$35,865.43

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		partners to facilitate university policies and support campus initiatives that enhances a culture of belonging for our underrepresented faculty and staff. OIDI is responsibe for facilitating efforts that promote retention among faculty and staff and is also responsible for facilitating a free exchange of ideas and open dialogue, that creates an environment of mutual respect, understanding, and cooperation.					
		Fringe benefits	4.00	Director; Coordinator; Administrative Assistant; Graduate Assistant	$56,334.14	$13,520.19	$13,520.19
		Other operational expenses include telephones, copier charges, commodities, and contractural services including attendance at an annual conference hosted by SREB, a membership in the National Center for Faculty Development and Diversity, and an annual breakfast hosted by the University on MLK Day. Some of these expenses were transferred in 2022 to the newly created Division of Access, Diversity & Inclusion.			$23,419.00	$5,620.56	$5,620.56
					$1,303,338.96	**$312,345.35**	**$312,345.35**

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Mississippi University for Women Fiscal Year 2020 Survey Results

DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
NEW Leadership Mississippi	NEW Leadership® is a national, bi-partisan program developed by Rutgers University to address the under-representation of women in American politics. The summer institute educates college students about the important role that politics plays in their lives, provides them with a network of professional political women, and encourages them to become effective leaders in the political arena. In 2013, Mississippi University for Women brought NEW Leadership to our state as part of its historic mission to expand women's opportunities and cultivate their leadership. The 2021 event was hybrid and had limited attendance.		Director/Associate Professor (Political Science); Professor (History)	$36,850	$36,850	$36,850
Spanish Social Club activities	Taco Bar with Hispanic Music and Trivia (Funded by APIL grant); A conversation table every-other-week in Subway with games and activities (Games/activities funded by APIL grant); Day of the Dead offering and talk in Summer Hall (the Art department funded this); 2 movie nights for W students from our classes only with activities & cultural discussions (Funded by the APIL grant); Flamenco Dinner and Show in Meridian, "Reflejos Flamencos." (Funded by APIL grant)		Assistant Professor, Instructor	$1,150	$1,150	$1,150
Field trip	included a Tapas meal experience and a Flamenco show		Assistant Professor, Instructor	$850	$850	$850

DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
American Association of Colleges of Nursing	Membership for the Dean in the Diversity, Equity and Inclusion Leadership Network which has the "goal...to align its efforts with the strategic diversity goals and objectives of AACN and the larger nursing community. It supports the efforts of AACN member institutions and academic nursing at the local, regional and national levels to advance diversity and inclusion. It collectively explores innovative approaches to enhancing diversity, equity, and inclusion in academic nursing and the nursing workforce." This membership allows for networking and brings resources back to our college for integration across the college and our campus.			$100	$100	$100
What's Wrong with Disabilities?	Lecture by MUW faculty Dr. Josh Dohmen, who discussed how interactions between disabled and non-disabled persons and some ethical and epistemic considerations that arise from these interactions.		Gordy Honors College	$150	$150	$150
Black Women and the Suffrage Movement in Mississippi, 1863-1965	(funded in part by Mississippi Humanities Council Speakers Bureau) Lecture by Dr. Shennette Garrett-Scott, Associate Professor of History and African American Studies, University of Mississippi, entitled "Black Women and the Suffrage Movement in Mississippi, 1863-1965."		Gordy Honors College	$694	$394	$394

DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
UNITY Interactive Public Art Project	This interactive public art project was based on the work of Nancy Belmont, which drew attention to and encouraged engagement and gave representation to every member of The W community		Co-Chairs of DEI Council	$500	$500	$500
University Impact Award	To highlight a campus unit that is making positive contributions to campus and the state advancing diversity, equity and inclusion		Co-Chairs of DEI Council	$1,000	$1,000	$1,000
Veterans' Day Program Recognition	Internally-produced video, showcasing Veterans on campus, including students, faculty and staff; banner welcoming veterans		Co-Chairs of DEI Council	$200	$200	$200
				$41,494	**$41,194**	**$41,194**

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Mississippi University for Women Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Women's Research & Public Policy	NEW Leadership Mississippi	NEW Leadership® is a national, bi-partisan program developed by Rutgers University to address the under-representation of women in American politics. The summer institute educates college students about the important role that politics plays in their lives, provides them with a network of professional political women, and encourages them to become effective leaders in the political arena. In 2013, Mississippi University for Women brought NEW Leadership to our state as part of its historic mission to expand women's opportunities and cultivate their leadership. The 2021 event was hybrid and had limited attendance.		Director/Associate Professor (Political Science); Professor (History)	$39,170	$36,850	$36,850
Gordy Honors College	A Conversation on Civic Engagement, Organizing, and Finding Your Passion and Purpose	(virtual event) Speakers included youth leaders Timothy Young, Emerging Leader Fellow with Mississippi Votes; Taylor Turnage of Tougaloo College, President of Mississippi NAACP Youth and College; and Calvert White of Alcorn State University , Secretary of Mississippi NAACP Youth and College/Democracy and Action Fellow with Mississippi Votes.		Gordy Honors College	$600	$600	$600

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
DEI Council	Movie Showing	Showing of "Just Mercy" on Pohl Gym Lawn in conjunction with the Common Read		Co-Chairs of DEI Council	$500	$500	$500
Student Life	Women's History Month Trivia	Virtual Gameshow testing attendees on their knowledge of Women's History.		Interim Director for Student Life and Administrative Assistant	$1,675	$1,675	$1,675
Counseling Center	SafeZone Training	SafeZone training is and educational program that fosters a safe and civil community for all individuals; faculty, staff and students, particularly members of our community who identify as (LGBTQIA+)		Two counselors and the Counseling Center Director	$436	$436	$436
					$42,381	**$40,061**	**$40,061**

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Mississippi University for Women Fiscal Year 2022 Survey Results

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
HPG and Center for Women's Research & Public Policy	Guerrilla Girls	Co-sponsored campus lecture by the Guerrilla Girls. Primary sponsor was the MUW Department of Language, Literature, and Philosophy.		Director/Associate Professor (Political Science); Professor (History)	$200	$0	$0
Center for Women's Research & Public Policy	NEW Leadership Mississippi	NEW Leadership® is a national, bi-partisan program developed by Rutgers University to address the under-representation of women in American politics. The summer institute educates college students about the important role that politics plays in their lives, provides them with a network of professional political women, and encourages them to become effective leaders in the political arena. In 2013, Mississippi University for Women brought NEW Leadership to our state as part of its historic mission to expand women's opportunities and cultivate their leadership.		Director/Associate Professor (Political Science); Professor (History)	$74,863	$74,863	$74,863
Literature & Philosophy	Black History Month Lecture Series			Assistant Professor of English and Women's Studies and Graduate Director of Women's Leadership	$2,700	$2,700	$2,700

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Literature & Philosophy	Guerilla Girls	The Guerilla Girls is a group of internationally renowned activists who use political art to fight sexism, racism, and other forms of corruption. They will give a one-hour presentation via zoom where they show visuals of their posters, billboards, and other forms of political art to demonstrate discrimination in a fun and engaging way.		Assistant Professor	$6,000	$6,000	$6,000
Gordy Honors College	A Conversation on Reform in the Criminal Justice System	District Attorney Scott Colom and Judge Dorothy Colom discussed smart ways the criminal justice system can be improved and connected the own experiences with The W's Common Reading Initiative focus on Bryan Stevenson's New York Times bestseller "Just Mercy."		Gordy Honors College	$800	$800	$800
Student Life	Black History Month	A month of campus-wide events with some being hosted by Student Life, including a Lunch and Learn and talent show		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$50	$50	$50
Student Life	Women's History Month/Charter Week	In honor of Women's History Month, The W celebrated the chartering of the first state institution for women. Events included a luncheon, birthday party,		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$350	$350	$350

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		photoshoot, Mag Chain Ceremony and video presentation					
Student Life	NPHC Week	A week of events to create community amongst the NPHC organizations		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$150	$150	$150
Student Life	Meet the Greeks	Welcome Week event to introduce black Greek organizations to new students		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$645	$645	$645
Student Life	NPHC101	Information session on joining an NPHS organization		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$500	$500	$500
Student Life	1st Gen Mixer	Mixer to recognize and award first generational students and scholars		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$420	$420	$420
					$86,678	**$86,478**	**$86,478**

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Mississippi University for Women Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
HPG and Center for Women's Research & Public Policy	Women's History Month Events	Co-hosted the I.D.E.A.L. Women film screening of *Chisholm '72: Unbought & Unbossed*.		Director/Associate Professor (Political Science); Professor (History); Associate professor/Chair (History)	$77	$77	$77
HPG and Center for Women's Research & Public Policy	Swain Speaker Series	Brought in Anastasia C. Curwood, whose new biography of *Shirley Chisholm, Shirley Chisholm: Champion of Black Feminist Power Politics* came out of UNC Press in January 2023.		Director/Associate Professor (Political Science); Professor (History)	$500	$500	$500
Center for Women's Research & Public Policy	NEW Leadership Mississippi	NEW Leadership® is a national, bi-partisan program developed by Rutgers University to address the under-representation of women in American politics. The summer institute educates college students about the important role that politics plays in their lives, provides them with a network of professional political women, and encourages them to become effective leaders in the political arena. In 2013, Mississippi University for Women brought NEW Leadership to our state as part of its historic mission to expand women's opportunities and cultivate their leadership.		Director/Associate Professor (Political Science)	$74,543	$36,223	$36,223

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Women's Research & Public Policy	NEW MS Legislative Fellowship	The NEW MS Legislative Fellowship was launched as a pilot program in 2022 with a grant from the Ascend Fund, an initiative of Panorama Global. Alumni of the NEW Leadership MS summer institute were invited to apply, and those selected as fellows served as legislative aides to the bipartisan Mississippi Senate Study Group on Women, Children, and Families.		Director/Associate Professor (Political Science)	$15,000	$12,000	$12,000
Literature & Philosophy	Queer Aesthetics Exhibition	This project consists of curating a juried art exhibition at the MUW galleries titled "Queer Aesthetics"		Assistant Professor	$975	$975	$975
Languages	Spanish Culture Club activities	Culture Club: Spanish conversation tables with snacks, exam review, games, and arts/crafts activities (Funded by the APIL grant); Day of the Dead presentations in Summer Hall along with the offerings (The Art department funded this) - Dinner at a local Mexican restaurant with all the student presenters from the Day of the Dead events to reflect/discuss their presentations (Funded by APIL grant) - Day of the Dead activity-skull painting for Spanish I & II classes (The Art		Assistant Professor, Instructor	$750	$750	$750

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		department funded this) - Trivia and craft night with snacks to celebrate the culmination of Hispanic Heritage Month (Funded by APIL grant); The Culture Club established Spanish conversation & tutoring tables 2x per month with snacks provided (Funded by the APIL grant) - Latin Dance with an instructor, a discussion/reflection followed with the instructor over dinner (Funded by APIL grant) - 'Piñata' end-of-the-year craft event (Funded by the APIL grant)					
Gordy Honors College	Food as Resistance	Sadé Meeks, MS, RD, MUW alum and founder of G.R.I.T.S., screened and discussed her film that seeks to improve the health and well-being of communities through increased awareness of nutrition, food history, and culture.		Gordy Honros College/Culinary Arts Institute	$3,273	$1,273	$1,273
Library	Social Justice Speaker Series: Dr. Tim Lampkin	The Social Justice Speaker Series originated in 2022 after Fant Memorial Library received The W's University Initiative Impact Award for its efforts to enhance diversity, promote cultural diversity and cultivate an inclusive			$1,000	$ 500	$500

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		campus community. The series highlights social justice initiatives in the state of Mississippi and beyond, with the goal to inspire our students and the broader community by showing the variety of social justice work being done by these inspiring leaders. Lampkin, a graduate of Mississippi Valley State University, also holds graduate degrees from Delta State University, Bellevue University and the University of Arkansas. He is the founder of Higher Purpose Co, a 501c3 economic justice nonprofit that helps build community wealth with Black business owners in the state of Mississippi by supporting the ownership of financial, cultural and political power. To disrupt issues like generational poverty, structured inequality and institutional racism, Lampkin believes business ownership is a direct pathway to building wealth. Lampkin and Higher Purpose Co have been working to promote that message since 2016.					

Department	DEI Program/ Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Student Life	What is Black Greek?	History information session for Black History Month- $2,400 for Speaker		Director for Student Life, Coordinator for Student Engagement and Administrative Assistant	$2,500	$2,500	$2,500
					$98,618	**$54,798**	**$54,798**

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Mississippi Valley State University Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Other Race Recruitment - Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.	1.00	Minority Recruiter	$117,100.00	$117,100.00	$90,422.79
Admissions & Recruitment	Recruiting-Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.			$44,500.00	$44,500.00	$29,607.71

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Minority Scholorship	These funds are/were used to provide financial resources for students of non-African American descent to help pay for tuition costs.			$230,272.00	$230,272.00	$126,470.43
					$391,872.00	**$391,872.00**	**$246,500.93**

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Mississippi Valley State University Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Other Race Recruitment - Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.	1.00	Minority Recruiter	$99,256.00	$99,256.00	$72,939.72

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Recruiting-Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.			S44,500.00	S44,500.00	$29,607.71
Admissions & Recruitment	Minority Scholorship	These funds are/were used to provide financial resources for students of non-African American descent to help pay for tuition costs.			$230,272.00	$230,272.00	$55,880.50
					$329,528.00	**$329,528.00**	**$158,427.93**

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Mississippi Valley State University Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Other Race Recruitment - Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.	1.00	Minority Recruiter	$157,549.00	$157,549.00	$117,794.85

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Admissions & Recruitment	Recruiting-Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.			$44,500.00	$44,500.00	$20,867.43
Admissions & Recruitment	Minority Scholorship	These funds are/were used to provide financial resources for students of non-African American descent to help pay for tuition costs.			$322,944.00	$322,944.00	$43,000.00
					$524,993.00	**$524,993.00**	**$181,662.28**

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Mississippi Valley State University Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended as of 5/31/23
Admissions & Recruitment	Recruiting-Ayers	The goals and objectives for this fund are to recruit non-African American students to the institution. The expected outcomes are to increase non-African American student enrollment. The target audiences are private high schools, mixed raced high schools, and PWI-community colleges. Methods used are/were through college fairs and private visits to the above mention institutions. Resources used were recruitment materials such as brochures, applications, and other marketing materials.	1.00	Minority Recruiter	$63,405.00	$63,405.00	$36,986.25
Admissions & Recruitment	Minority Scholorship	These funds are/were used to provide financial resources for students of non-African American descent to help pay for tuition costs.			$398,481.00	$398,481.00	$50,000.00
					$461,886.00	**$461,886.00**	**$86,986.25**

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University of Mississippi Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Full-time staff	Base Salaries; Coordinate institutional DEI programs, activities, and initiatives for students, faculty, and staff	3.00	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusion; Project Manager	$409,029.00	$117,225.47	$85,729.41
Diversity & Community Engagement (DCE)	Full-time staff	Fringe Benefits	4.00	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusion; Executive Assistant; Project Manager	$161,773.50	$46,445.57	$46,445.57

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Operational Expenses	DCE supports the mission of UM through creating partnership, access, and engagement opportunities that foster a sense of belonging, enriches learning and development, enhances research, and helps all students, faculty, and staff reach their full potential. FY 2020 expenses primarily supported operational expenses such as phones, copiers, postage, and supplies. Expenses also supported programs such as the Dialogues on Diversity speaker series, Ole Miss 8 commemorative activities, and Honoring Diversity Excellence. FY 2020 Dialogues on Diversity topics included engaging inclusion through a class lens, disabusing disability, and intentionally intersectional leadership. Honoring Diversity Excellence was hosted to provide an annual update on IHL's and institutional diversity, equity, and inclusion goals, provide a networking opportunity for faculty/staff, and honor faculty/staff who have accomplished significant employment milestones and achievements. UM commemorated the 50th anniversary of 89 African American students being arrested/8 being expelled following a peaceful protest at Fulton	Included in DCE FTE		$15,000.00	$4,420.50	$4,420.50

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Chapel. The Ole Miss 8/81 commemorative activities elevated the stories and experiences of those who have been marginalized in our institution's history and created avenues of reconciliation. All students, faculty, staff, and community members are welcome to participate.					
Diversity & Community Engagement (DCE)	Wages	Employee and Student Miscellaneous Wages	0.50	Executive Assistant	$44,108.00	$13,531.00	$13,531.00

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Base Salaries; Coordinate DEI programs, activities, and initiatives with students as the primary audience	3.5	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Student Success; Administrative Coordinator	$208,994.00	$37,520.61	$31,025.72

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Fringe Benefits	3.5	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Student Success; Administrative Coordinator	$74,610.86	$13,394.86	$10,455.75
Center for Inclusion and Cross Cultural Engagement	Graduate Assistants	Graduate student staff assists in coordination of DEI programs, activites, and initiatives with students as primary audience	1.5	Graduate Assistant - Retention, Graduate Assistant - Cross Cultural Engagement Programming, Graduate	$31,500.00	$9,430.40	$7,494.11

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
				Assistant-Marketing			
Center for Inclusion & Cross Cultural Engagement (CICCE)	Progams & Initiatives	FY 2020 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies. This also includes a series of student success programs created to support and provide a sense of belonging for underrepresented students. Programs include Pride Camp, MOST Conference, UM CONNECT Mentoring Program, & Sister2Sister Leadership Retreat. Pride Camp is a first year experience program focused on community learning and building for LGBTQ+ students and allies. The MOST Conference is a leadership and recruitment conference for rising high school seniors from Mississippi. The goal of the summer conference is to expose prospective underrepresented students to leadership activities, academic offerings, campus resources, faculty, staff, and student leaders. Approximately 30% of MOST conference participants enroll at UM for their freshman year. The Sister2Sister Leadership Retreat aims to address issues that impact Women of	Included in CICCE FTE		$121,603.00	$12,260.40	$11,578.15

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Color on campus and in the local community while also highlighting the benefits and challenges associated with attending an institution of higher education. UM CONNECT matches incoming freshmen of color (Latin American, Native American, African American, Asian American, and multi-racial) and first-generation college students with an upperclassmen mentor. The program serves as a vital component to students' academic and personal success. CONNECT Mentors provide additional support to help students complete their first year at the University and remain on a course toward graduation. Though registration is likely required, all students, are welcome to participate in CICCE programs.					
Center for Inclusion & Cross Cultural Engagement (CICCE)	Wages	Student Miscellaneous Wages	0	N/A	$12,387.00	$3,650.45	$1,625.67
Black Faculty & Staff Organization (BFSO)	Affinity Group	BFSO is an affinity group that supports faculty/staff success and sense of belonging; Due to the Covid-19 pandemic,	0	N/A	$1,463.00	$431.15	$-

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		BFSO did not host any events during the 2019-2020 academic year.					
School of Law	Full-time Staff	Base Salary; coordinates DEI programs and activities for the School of Law	0.10	Associate Dean for Administration and Diversity Initiatives	$108,203.00	$2,933.64	$2,933.64
School of Law	Full-time Staff	Fringe Benefits	0.10	Associate Dean for Administration and Diversity Initiatives	$36,628.47	$1,052.45	$1,052.08
School of Education	Full-time staff	Base Salary; coordinates DEI programs and activities for the School of Education	0.10	Associate Professor and School of Education Diversity Officer	$73,612.00	$2,169.35	$2,169.35
School of Education	Full-time staff	Fringe Benefits	0.10	Associate Professor and School of Education Diversity Officer	$26,500.32	$780.96	$780.96

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Student Success & FYE	Full-time staff	Veteran & Militatry Services full time staff who support active military and student veterans attending UM; Includes base salaries and fringe.	2	Assistant Director; Operations Coordinator	$114,010.20	$33,598.81	$33,598.81
Alumni Affairs	Full-time staff	Base Salary; Coordination of initiatives for underrepresented alumni including the Black Alumni Reunion; Represent/Celebrate the Reunion of those Black Alumni who shaped our history. 500+ people in person multi event reunion/celebration weekend.	1	Assistant Director	$56,000.00	$15,308.37	$15,308.37
Alumni Affairs	Full-time staff	Fringe Benefits	1	Assistant Director	$18,865.00	$5,559.52	$5,559.52
Graduate School	Professional Development for Graduate Students	Networking event for underrepresented doctoral students.	0.0009	Administrative Coordinator II	$1,231.50	$362.92	$362.92
Graduate School	Professional Development for Graduate Students	Writing Workshop for International Graduate Students	0	Organized by the Graduate Student Council (No Employee Time Required)	$148.95	$12.94	$12.94

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
College of Liberal Arts	Full-time faculty/staff	Base Salary; coordinates DEI programs and activities for the College of Liberal Arts	0.8	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$183,558.00	$54,094.54	$54,094.54
College of Liberal Arts	Full-time faculty/staff	Fringe benefits	0.8	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$65,530.21	$19,311.75	$19,311.75
Admissions	Full-time staff	Diversity Student Recruitment; Position is responsible for strategic student recruitment programs and outreach efforts focused on underrepresented students that assist the university in meeting enrollment goals; visits high schools, hosts campus programs, and meets with prospective	1	Coordinator of Diversity Recruitment	$38,003.00	$11,199.48	$11,199.48

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		students and families to discuss academic programs, campus resources, and financial aid.					
Admissions	Full-time staff	Fringe Benefits	1	Coordinator of Diversity Recruitment	$13,301.00	$3,919.80	$3,919.80
					$1,816,060	**$408,614.95**	**$362,610**

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University of Mississippi Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Full-time staff	Base Salaries; Coordinate institutional DEI programs, activities, and initiatives for students, faculty, and staff	3.00	Interim Vice Chancellor for Diversity & Community Engagement; 2 Project Managers	$236,986.00	$59,572.49	$58,131.83
Diversity & Community Engagement (DCE)	Full-time staff	Fringe Benefits	4.00	Interim Vice Chancellor for Diversity & Community Engagement; Executive Assistant; 2 Project Managers	$100,354.13	$26,215.30	$26,053.06

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Operational Expenses	DCE supports the mission of UM through creating partnership, access, and engagement opportunities that foster a sense of belonging, enriches learning and development, enhances research, and helps all students, faculty, and staff reach their full potential. FY 2021 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies. Expenses also supported Dialogues on Diversity, a speaker series that aims to foster institutional change through civil discourse. Nationwide Now was the theme of FY 2021 topics which were held virtually due to the Covid-19 pandemic. Topics included recokoning with inequities in prisons, higher education, and healthcare. All students, faculty, staff, and community members are welcome to participate.	Included in DCE FTE		$15,000.00	$4,600.50	$4,192.06
Diversity & Community Engagement (DCE)	Wages	Employee and Student Miscellaneous Wages	0.50	Executive Assistant	$44,118.00	$13,530.99	$12,697.97

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Base Salaries; Coordinate DEI programs, activities, and initiatives with students as the primary audience	4.5	Director of Inclusion & Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultral Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives; Administrative Coordinator	$318,489.00	$41,332.73	$40,006.72

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Fringe Benefits	4.5	Director of Inclusion & Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultral Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives; Administrative Coordinator	$113,700.58	$14,755.64	$13,544.05

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion and Cross Cultural Engagement	Graduate Assistants	Graduate student staff assists in coordination of DEI programs, activites, and initiatives with students as primary audience	1.5	Gradutate Assistant-Marketing; Graduate Assistant - Access & Recruting Initiatives; Graduate Assistant-Diversity Education	$32,000.00	$9,814.40	$9,538.83

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Operational Expenses	FY 2021 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies. This also includes a series of student success programs created to support and provide a sense of belonging for underrepresented students. Programs include Celebration of Achievement and Lavender Graduation. Celebration of Achievement is an opportunity for family, friends, and the University community to come together in honor of graduates. In anticipation of commencement, this event brings together students from historically underrepresented populations. Lavender Graduation is a cultural celebration that recognizes the achievements and contributions of LGBTQ+ students who have successfully navigated the college experience. Though registration is likely required, all students, faculty, and staff are welcome to participate in CICCE programs.	Included in CICCE FTE		$41,603.00	$12,759.64	$4,740.24

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion and Cross Cultural Engagement	Wages	Student Miscellaneous Wages	0	N/A	$11,312.00	$3,469.39	$2,074.06
Black Faculty & Staff Organization (BFSO)	Affinity Group	BFSO is an affinity group that supports faculty/staff success and sense of belonging	0	N/A	$1,463.00	$137.62	$40.73
School of Law	Full-time Staff	Base Salary; coordinates DEI programs and activities for the School of Law	0.10	Associate Dean for Administration and Diversity Initiatives	$108,203.00	$3,053.10	$3,053.10
School of Law	Full-time Staff	Fringe Benefits	0.10	Associate Dean for Administration and Diversity Initiatives	$36,628.47	$1,095.31	$1,094.92
Center for Excellence in Teaching & Learning	Faculty Professional Development	Summer Inclusive Teaching Workshop program with Lumen Circles. 12 University of Mississippi faculty learned inclusive teaching practices with external vendor Lumen Learning via virtual workshops.	0	N/A	$9,000.00	$846.58	$846.58
School of Education	Full-time staff	Base Salary; coordinates DEI programs and activities for the School of Education	0.10	Clinical Professor & Director of Diversity,	$59,488.00	$1,824.50	$1,824.50

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
				Equity, and Inclusion			
School of Education	Full-time staff	Fringe Benefits	0.10	Clinical Professor & Director of Diversity, Equity, and Inclusion	$21,415.68	$656.82	$656.82
Center for Student Success & FYE	Full-time staff	Veteran & Militatry Services full time staff who support active military and student veterans attending UM; Includes base salaries and fringe.	2	Assistant Director; Operations Coordinator	$116,033.85	$35,587.58	$35,587.58
Alumni Affairs	Full-time staff	Base Salary; Coordination of initiatives for underrepresented alumni including the Black Alumni Reunion; Represent/Celebrate the Reunion of those Black Alumni who shaped our history. 500+ people in person multi event reunion/celebration weekend.	1.00	Assistant Director of Alumni Affairs- Diversity and Inclusion	$50,000.00	$15,335.00	$15,335.00
Alumni Affairs	Full-time staff	Fringe Benefits	1.00	Assistant Director of Alumni Affairs- Diversity and Inclusion	$17,850.00	$5,474.60	$5,474.60

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Graduate School	Full-time staff	Base Salary; coordinates DEI programs and activities for the Graduate School	0.5	Assistant Dean of Diversity Equity and Inclusion	$70,000.00	$3,851.54	$3,851.54
Graduate School	Full-time staff	Fringe Benefits	0.5	Assistant Dean of Diversity Equity and Inclusion	$25,200.00	$1,386.55	$1,386.55
Graduate School	Professional Development for Graduate Students	Networking and welcome lunch for SREB Doctoral Scholars and Cole Eftink Fellows (doctoral students interested in careers in the professoriate who are from underrepresented backgrounds)	Included in Graduate School FTE		$153.09	$46.95	$46.95
College of Liberal Arts	Full-time faculty/staff	Base Salary; coordinates DEI programs and activities for the College of Liberal Arts	1.2	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$212,116.00	$67,816.28	$67,816.28

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
College of Liberal Arts	Full-time faculty/staff	Fringe benefits	1.2	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$75,725.41	$23,224.98	$23,224.98
Admissions	Full-time staff	Diversity Student Recruitment; Position is responsible for strategic student recruitment programs and outreach efforts focused on underrepresented students that assist the university in meeting enrollment goals; visits high schools, hosts campus programs, and meets with prospective students and families to discuss academic programs, campus resources, and financial aid.	1	Coordinator of Diversity Recruitment	$38,003.00	$11,655.52	$11,655.52
Admissions	Full-time staff	Fringe Benefits	1	Coordinator of Diversity Recruitment	$13,301.00	$4,079.42	$4,079.42
					$1,768,143	**$362,123.42**	**$346,954**

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University of Mississippi Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Full-time staff	Base Salaries; Coordinate institutional DEI programs, activities, and initiatives for students, faculty, and staff	4.00	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusion; Project Manager; Program Director	$470,650.00	$142,418.69	$96,187.38
Diversity & Community Engagement (DCE)	Full-time staff	Fringe Benefits	5.00	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusion; Executive Assistant; Project Manager; Program Director	$185,068.80	$56,001.82	$23,911.53

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Operational Expenses	DCE supports the mission of UM through creating partnership, access, and engagement opportunities that foster a sense of belonging, enriches learning and development, enhances research, and helps all students, faculty, and staff reach their full potential. FY 2022 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies.	Included in DCE FTE		$15,000.00	$4,539.00	$1,513.00
Diversity & Community Engagement (DCE)	Wages	Employee and Student Miscellaneous Wages	0.50	Executive Assistant	$44,903.77	$13,587.88	$13,587.88

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Base Salaries; Coordinate DEI programs, activities, and initiatives with students as the primary audience	4	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Programming; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives	$236,552.00	$43,379.53	$37,767.20

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Fringe Benefits	4	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Programming; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives	$85,158.72	$15,616.58	$12,496.61

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion and Cross Cultural Engagement	Graduate Assistants	Graduate student staff assists in coordination of DEI programs, activites, and initiativesw with students as primary audience	2	Gradutate Assistant- Cross Cultural Engagement Programming; Graduate Assistant- Access and Recruitment; Graduate Assistant - Marketing; Graduate Assistant- IMPACT Programs	$45,000.00	$9,638.20	$7,197.55

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Operational Expenses	FY 2022 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies. This also includes a series of student success programs created to support and provide a sense of belonging for underrepresented students. Programs include Celebration of Achievement, Sister2Sister/Brother2Brother Leadership Retreats, and UM CONNECT Mentoring Program. Celebration of Achievement is an opportunity for family, friends, and the University community to come together in honor of graduates. In anticipation of commencement, this event brings together students from historically underrepresented populations. UM CONNECT matches incoming freshmen of color (Latin American, Native American, African American,	Included in CICCE FTE		$38,490.00	$11,647.07	$8,497.17

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		Asian American, and multi-racial) and first-generation college students with an upperclassmen mentor. The program serves as a vital component to students' academic and personal success. CONNECT Mentors provide additional support to help students complete their first year at the University and remain on a course toward graduation. Sister2Sister Leadership Retreat aims to address issues that impact Women of Color on campus and in the local community while also highlighting the benefits and challenges associated with attending an institution of higher education. Brother2Brother Leadership Retreat provides a forum for engaging and interactive discussions regarding personal, social, and academic responsibility while attending the University of Mississippi.					

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		This program addresses issues that impact men of color on the campus and local community while also highlighting the benefits and challenges associated with attending an institution of higher education. Though registration is likely required, all students are welcome to participate in CICCE programs.					
Center for Inclusion and Cross Cultural Engagement	Wages	Student Miscellaneous Wages	0	N/A	$7,354.00	$2,225.32	$2,225.32
Black Faculty & Staff Organization (BFSO)	Affinity Group	BFSO is an affinity group that supports faculty/staff success and sense of belonging	0	N/A	$1,463.00	$133.96	$133.96
School of Law	Full-time Staff	Base Salary; coordinates DEI programs and activities for the School of Law	0.55	Associate Dean for Administration and Diversity Initiatives; Recruiter	$156,472.47	$9,805.89	$9,805.89

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
School of Law	Full-time Staff	Fringe Benefits	0.55	Associate Dean for Administration and Diversity Initiatives; Recruiter	$62,619.64	$4,765.60	$4,765.65
School of Law	HBCU Law Preview Day	Student recruitment program; The preview day is part of an effort to strengthen relationships with Mississippi's HBCUs, build a more diverse and equitable campus in line with the universitywide Pathways to Equity strategic plan and help build a legal workforce more reflective of the state as a whole. All students, faculty, and staff were welcomed to participate.	Included in School of Law FTE		$578.96	$175.19	$175.19
School of Law	HBCU Pre-Law Tour	Student recruitment program; The HBCU Pre-Law Tour is an opportunity to recruit students at regional HBCUs. This program is offered to meet required accreditation standards.	Included in School of Law FTE		$3,838.14	$1,161.42	$1,127.17

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Excellence in Teaching and Learning	Inclusive Teaching Faculty Learning Community	Inclusive Classroom Teaching Grants, for the design, implementation, and reporting of course revisions to enhance teaching and learning for, but not limited to, racially minoritized students, first-generation students, and students affected by poverty. While the goals of inclusive teaching are directed at targeted student populations historically underserved in education, the course design and teaching strategies benefit all students.	0.577	Director of Center for Excellence in Teaching and Learning; Associate Director for Instructional Support	$65,918.00	$17,154.24	$17,154.24
School of Education	Full-time staff	Base Salary; coordinates DEI programs and activities for the School of Education	0.10	Clinical Professor & Director of Diversity, Equity, and Inclusion	$61,273.00	$1,854.12	$1,854.12
School of Education	Full-time staff	Fringe Benefits	0.10	Clinical Professor & Director of Diversity, Equity, and Inclusion	$22,058.28	$667.48	$667.48

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Student Success & FYE	Full-time staff	Veteran & Militatry Services full time staff who support active military and student veterans attending UM; Includes base salaries and fringe.	2	Assistant Director; Operations Coordinator	$122,380.00	$37,032.19	$37,032.19
Alumni Affairs	Full-time staff	Base Salary; Coordination of initiatives for underrepresented alumni including the Black Alumni Reunion; Represent/Celebrate the Reunion of those Black Alumni who shaped our history. 500+ people in person multi event reunion/celebration weekend.	1.00	Assistant Director of Alumni Affairs-Diversity and Inclusion	$55,000.00	$15,577.85	$15,577.85
Alumni Affairs	Full-time staff	Fringe Benefits	1.00	Assistant Director of Alumni Affairs-Diversity and Inclusion	$18,197.01	$5,506.42	$5,506.42
Graduate School	Full-time staff	Base Salary; coordinates DEI programs and activities for the Graduate School	0.5	Assistant Dean of Diversity Equity and Inclusion	$72,100.00	$3,665.33	$3,665.33
Graduate School	Full-time staff	Fringe Benefits	0.5	Assistant Dean of Diversity Equity and Inclusion	$25,956.00	$1,319.52	$1,319.52

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Graduate School	Professional Development for Graduate Students	Networking event for minority doctoral students.	0.0009	Administrative Coordinator II	$1,575.58	$476.77	$476.77
College of Liberal Arts	Full-time faculty/staff	Base Salary; coordinates DEI programs and activities for the College of Liberal Arts	1.2	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$219,101.00	$57,355.71	$57,355.71
College of Liberal Arts	Full-time faculty/staff	Fringe benefits	1.2	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$78,876.36	$20,648.06	$20,648.06

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
College of Liberal Arts	Black Alumni Reunion Event	The College of Liberal Arts was one of several sponsors for the Black Alumni Reunion, which is traditionally held every 3 years to celebrate the vast contributions of Black alumni to UM while recognizing individuals who paved the way.	Included in College of Liberal Arts FTE		$3,500.00	$1,059.10	$1,059.10
Admissions	Full-time staff	Diversity Student Recruitment; Position is responsible for strategic student recruitment programs and outreach efforts focused on underrepresented students that assist the university in meeting enrollment goals; visits high schools, hosts campus programs, and meets with prospective students and families to discuss academic programs, campus resources, and financial aid.	1	Coordinator of Diversity Recruitment	$30,091.00	$9,105.54	$9,105.54
Admissions	Full-time staff	Fringe Benefits	1	Coordinator of Diversity Recruitment	$12,287.00	$3,718.05	$3,718.05

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Manufacturing Excellence	Step Forward Summit: Advancing Women in Manufacturing	This event was coordinated in partnership with the Um Center for Manufacturing Excellence and the Manufacturing Institute with the goal of promoting careers for female leaders in manufacturing. Activities focused on providing information and mentoring for female students considering careers in industry.	0.15	Executive Director; Associate Director, External Operations; Manager of Marketing & Admissions	$49,391.72	$14,945.93	$14,945.93
					$2,190,854	**$505,182.46**	**$409,478**

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University of Mississippi Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Full-time staff	Base Salaries; Coordinate institutional DEI programs, activities, and initiatives for students, faculty, and staff	4.50	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusiont; 2 Program Directors; Development Associate	$552,305.00	$132,486.33	$100,404.89
Diversity & Community Engagement (DCE)	Full-time staff	Fringe Benefits	5.50	Vice Chancellor for Diversity & Community Engagement; Assistant Vice Chancellor for Diversity & Inclusiont; Executive Assistant; 2 Program Directors; Development Associate	$216,482.76	$52,770.27	$32,643.59

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Diversity & Community Engagement (DCE)	Operational Expenses	DCE supports the mission of UM through creating partnership, access, and engagement opportunities that foster a sense of belonging, enriches learning and development, enhances research, and helps all students, faculty, and staff reach their full potential. FY 2023 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies.	Included in DCE FTE		$15,000.00	$4,312.50	$1,740.34
Diversity & Community Engagement (DCE)	Wages	Employee and Student Miscellaneous Wages and Graduate Assistant Stipend Supplement	0.70	Executive Assistant ; 2 Graduate Assistants	$47,836.00	$13,752.85	$11,573.23

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Base Salaries; Coordinate DEI programs, activities, and initiatives with students as the primary audience	4	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Programming; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives	$240,647.00	$43,103.44	$40,596.44

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion & Cross Cultural Engagement (CICCE)	Full-time staff	Fringe Benefits	4	Director of Inclusion and Cross Cultural Engagement; Assistant Director of Inclusion and Cross Cultural Engagement - Programming; Assistant Director of Inclusion and Cross Cultural Engagement - Access and Recruiting Initiatives; Coordinator of Inclusion and Cross Cultural Engagement - LGBTQ+ Programs and Initiatives	$86,632.92	$15,517.24	$13,079.82

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Inclusion and Cross Cultural Engagement	Graduate Assistants	Graduate student staff assists in coordination of DEI programs, activites, and initiatives with students as primary audience	2	Gradutate Assistant- Cross Cultural Engagement Programming; Graduate Assistant- Access and Recruitment; Graduate Assistant - Marketing; Graduate Assistant- IMPACT Programs	$49,500.00	$9,200.00	$8,385.55
Center for Inclusion & Cross Cultural Engagement (CICCE)	Operational Expenses	FY 2023 expenses primarily supported operational expenses such as phones, copiers, room reservations, postage, and supplies. This also includes a series of student success programs created to support and provide a sense of belonging for underrepresented students. Programs include BarberShop Talk and Pride Camp. Barbershop Talks, co-sponsored by Men of Excellence, is an open	Included in CICCE FTE		$38,490.00	$11,065.88	$4,631.44

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		forum for men of color and the University of Mississippi community to engage with one another to discuss issues relevant to men of color, which are not limited to race, masculinity, and issues of social justice both on campus and in the larger community. Faculty members, community members, and motivational speakers have been previously invited to lead the dialogues. Pride Camp is a first year experience program focused on community learning and building for LGBTQ+ students and allies. All students, faculty, and staff are welcome to participate.					
Center for Inclusion and Cross Cultural Engagement	Wages	Student Miscellaneous Wages	0	N/A	$6,042.00	$1,737.08	$1,737.08
Black Faculty & Staff Organization (BFSO)	Affinity Group	BFSO is an affinity group that supports faculty/staff success and sense of belonging	0	N/A	$1,463.00	$120.93	$120.93

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
School of Law	Full-time Staff	Base Salary; coordinates DEI programs and activities for the School of Law	1.3	Associate Dean for Administration and Diversity Initiatives; Recruiter; Assistant Dean for Diversity, Equity & Inclusion	$115,723.52	$6,953.54	$6,953.21
School of Law	Full-time Staff	Fringe Benefits	1.3	Associate Dean for Administration and Diversity Initiatives; Recruiter; Assistant Dean for Diversity, Equity & Inclusion	$42,254.14	$2,762.47	$2,762.45

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
School of Law	HBCU Law Preview Day	Student recruitment program; The preview day is part of an effort to strengthen relationships with Mississippi's HBCUs, build a more diverse and equitable campus in line with the universitywide Pathways to Equity strategic plan and help build a legal workforce more reflective of the state as a whole. All students, faculty, and staff were welcomed to participate.	Included in School of Law FTE	Associate Dean for Administration and Diversity Initiatives	$24,300.00	$2,332.71	$2,332.64
School of Law	Affinity Group Council	In conjunction with faculty/ administrative advisors, provide support and guidance for affinity group organizations and diverse students and historically underrepresented students including, but not limited to African Americans, Asian Americans, South Asian Americans, Latinos, Native Americans, and other underrepresented and marginalized students, including first generation students, gay, lesbian and transgender students, students with physical or mental disabilities, veterans, older students, religious students, and students with	Included in School of Law FTE		$59.92	$17.23	$17.23

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		children. (Sense of Belonging). (In-Person). (Target Audience: Students).					
School of Law	Evening of First-Gen Excellence	The First-Gen Evening of Excellence is an event held to celebrate the achievements and graduation of our First-Gen Scholars and those who have supported them along their journey. (Sense of Belonging). (In-Person). (Target Audience: Students, Faculty and Staff). (All students, faculty, and staff were welcomed to participate).	Included in School of Law FTE		$156.00	$44.85	$44.85
Center for Excellence in Teaching & Learning	Inclusive Teaching Faculty Learning Community	Inclusive Classroom Teaching Grants, for the design, implementation, and reporting of course revisions to enhance teaching and learning for, but not limited to, racially minoritized students, first-generation students, and students affected by poverty. While the goals of inclusive teaching are directed at targeted student populations historically underserved in education, the course design and teaching strategies benefit all students.	0.48	Director of Center for Excellence in Teaching and Learning; Associate Director for Instructional Support	$30,502.16	$8,769.37	$8,769.37

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Center for Excellence in Teaching & Learning	Inclusive Teaching Graduate Student Reading Group	CETL organized an inclusive teaching book group for graduate students with teaching responsibilites. Graduate students who signed up attended four sessions during spring semester. The goal of the book group was to help graduate students with teaching responsibilities explore the concepts of inclusive teaching for improved teaching and learning experiences for all students.	0.192	Director of Center for Excellence in Teaching and Learning; Associate Director for Instructional Support	$512.00	$147.20	$147.15
Center for Excellence in Teaching and Learning	Inclusive Teaching Faculty Book Group	CETL organized an inclusive teaching book group for faculty. The goal of the book group was to help faculty explore the concepts of inclusive teaching for improved teaching and learning experiences for all students.	0.385	Director of Center for Excellence in Teaching and Learning; Associate Director for Instructional Support	$1,208.25	$347.37	$347.37
School of Education	Full-time staff	Base Salary; coordinates DEI programs and activities for the School of Education	0.10	Clinical Professor & Director of Diversity, Equity, and Inclusion	$64,496.00	$1,854.26	$1,854.26

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
School of Education	Full-time staff	Fringe Benefits	0.10	Clinical Professor & Director of Diversity, Equity, and Inclusion	$23,218.56	$667.53	$667.53
Center for Student Success & FYE	Full-time staff	Veteran & Militatry Services full time staff who support active military and student veterans attending UM; Includes base salaries and fringe.	3	Assistant Director; 2 Operations Coordinators	$192,740.56	$37,126.65	$37,084.40
Alumni Affairs	Full-time staff	Base Salary; Coordination of initiatives for underrepresented alumni including the Black Alumni Reunion; Represent/Celebrate the Reunion of those Black Alumni who shaped our history. 500+ people in person multi event reunion/celebration weekend.	1.00	Assistant Director of Alumni Affairs- Diversity and Inclusion	$60,500.00	$16,280.55	$16,280.55
Alumni Affairs	Full-time staff	Fringe Benefits	1.00	Assistant Director of Alumni Affairs- Diversity and Inclusion	$15,818.40	$4,547.79	$4,547.79

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Graduate School	Full-time staff	Base Salaries; coordinates DEI programs and activities for the Graduate School & McNair Scholars Program	1.5	Assistant Dean of Diversity Equity and Inclusion; Associate Director for McNair	$108,033.17	$4,311.06	$4,311.06
Graduate School	Full-time staff	Fringe Benefits	1.5	Assistant Dean of Diversity Equity and Inclusion; Associate Director for McNair	$38,891.94	$1,551.98	$1,551.98
College of Liberal Arts	Full-time faculty/staff	Base Salary; coordinates DEI programs and activities for the College of Liberal Arts	1.2	Associate Dean for Diversity, Equity, and Inclusion and Program Manager for Diversity, Equity, and Inclusion	$228,185.00	$56,765.44	$56,765.44

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
College of Liberal Arts	Full-time faculty/staff	Fringe benefits	1.2	Associate Dean for Diversity, Equity, and Inclusion; Program Manager for Diversity, Equity, and Inclusion	$82,146.60	$20,436.88	$20,436.88
Physics & Astronomy	Women in Physics (UMWiP) at the University of Mississippi	Aims to encourage young women at the high school and university level to pursue a career in physics; Modeled after a national professional association in Physics. Student recruitment, retention, and success; sense of belonging; Mode: in person	0.0038	Associate, Assistant, and Instructional Assistant Professor of Physics & Astronomy	$431.54	$124.07	$124.07
Psychology	Graduate Peer Mentoring program	The development of this program was envisioned to align with the department's primary goals of increasing support and guidance for new graduate students, particularly students from diverse backgrounds who are unfamiliar with the nuances of graduate school and what is required to succeed during this challenging	0	N/A	$261.60	$21.62	$21.62

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		time; Students from URM groups and others; Purpose: Support/Student Success/Belonging, Open to all Psy grad students. Mode: In person and virtual					
Admissions	Full-time staff	Diversity Student Recruitment; Position is responsible for strategic student recruitment programs and outreach efforts focused on underrepresented students that assist the university in meeting enrollment goals; visits high schools, hosts campus programs, and meets with prospective students and families to discuss academic programs, campus resources, and financial aid.	1	Coordinator of Diversity Recruitment	$33,427.00	$9,610.26	$9,610.26
Admissions	Full-time staff	Fringe Benefits	1	Coordinator of Diversity Recruitment	$12,989.00	$3,734.34	$3,734.34
Center for Manufacturing Excellence	Make It MS - Leadership Camp	Summer Camp to promote careers in STEM & Manufacturing for underrepresented students.	0	N/A	$230.64	$66.31	$66.31
					$2,330,485	**$462,540.00**	**$393,344**

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University of Mississippi Medical Center Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Departmental oversight	Staffing/institutional department with direct oversight of developing and/or coordinating programming, activities and initiatives sponsored by ODI. Totals include salary support and fringe benefits.	1.00	Chief Diversity and Inclusion Officer	$236,479.00	$154,586.32	$154,586.32
Office of Diversity and Inclusion	Budget Management and Administrative Support	Staffing/oversight for department operations; budget; administrative and programming support. Totals include salary support and fringe benefits.	1.00	Program Manager	$92,629.00	$60,551.58	$60,551.58
Office of Diversity and Inclusion	Education/Training	Staffing/general supplies/resources for workshops offered by ODI at the request of a department/school on topics related to cultural competency, health care disparities, and health equity to improve health outcomes for diverse patient populations. Training and education is targeted for students, trainees, faculty and staff. Totals include salary support and fringe benefits.	1.00	Cultural Competency and Education Manager	$75,121.13	$49,126.81	$49,126.81
Office of Diversity and Inclusion	Data Analytics, Management and Assessment; Pillars Awards Program	Staffing/general supplies/resources for annual service and recognition awards program for students, faculty, staff, alumni and community members. In 2020, there were 42 total nominees and	1.00	Diversity Assessment and Programs Director	$80,628.00	$52,577.08	$52,577.08

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		14 awardees and honorable mentions. Totals include salary support and fringe benefits.					
Office of Diversity and Inclusion	Internal and External Partnerships; Education and Training	Staff/ DEI consultations and strategy development, education and training. Totals include salary support and fringe benefits.	1.00	Institutional Equity and Partnerships Director	$116,569.00	$76,201.16	$76,201.16
Office of Diversity and Inclusion	Group on Women in Medicine and Science	Faculty leadership development programming for all faculty and trainees, not exclusive to just female faculty.	0.00		$29,138.77	$0.00	$0.00
					$630,564.90	**$393,042.95**	**$393,042.95**

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University of Mississippi Medical Center Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Departmental oversight	Staffing/institutional department with direct oversight of developing and/or coordinating programming, activities and initiatives sponsored by ODI. Totals include salary support and fringe benefits.	1.00	Chief Diversity and Inclusion Officer	$198,681.00	$136,930.95	$136,930.95
Office of Diversity and Inclusion	Budget Management and Administrative Support	Staffing/oversight for department operations; budget; administrative and programming support. Totals include salary support and fringe benefits.	1.00	Program Manager	$92,958.00	$64,066.65	$64,066.65
Office of Diversity and Inclusion	Education/Training	Staffing/general supplies/resources for workshops offered by ODI at the request of a department/school on topics related to cultural competency, health care disparities, and health equity to improve health outcomes for diverse patient populations. Training and education is targeted for students, trainees, faculty and staff.	1.00	Cultural Competency and Education Manager	$97,937.79	$53,028.26	$53,028.26
Office of Diversity and Inclusion	Data Analytics, Management and Assessment; Pillars Awards Program	Staffing/general supplies/resources for annual service and recognition awards program for students, faculty, staff, alumni and community members. In 2021, there were 41 total nominees and 16 awardees and honorable	1.00	Diversity Assessment and Programs Director	$81,664.50	$56,398.32	$56,398.32

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
		mentions. Totals include salary support and fringe benefits.					
Office of Diversity and Inclusion	Group on Women in Medicine and Science	Faculty leadership development programming for all faculty and trainees, not exclusive to just female faculty.	0.00		$30,825.75		$0.00
					$502,067.04	**$310,424.19**	**$310,424.19**

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University of Mississippi Medical Center Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Departmental oversight	Staffing/institutional department with direct oversight of developing and/or coordinating programming, activities and initiatives sponsored by ODI. Totals include salary support and fringe benefits.	1.00	Chief Diversity and Inclusion Officer	$243,827.00	$181,797.41	$181,797.41
Office of Diversity and Inclusion	Budget Management and Administrative Support	Staffing/oversight for department operations; budget; administrative and programming support. Totals include salary support and fringe benefits.	1.00	Program Manager	$92,669.00	$69,094.01	$69,094.01
Office of Diversity and Inclusion	Education/Training	Staffing/general supplies/resources for workshops offered by ODI at the request of a department/school on topics related to cultural competency, health care disparities, and health equity to improve health outcomes for diverse patient populations. Training and education is targeted for students, trainees, faculty and staff. Totals include salary support and fringe benefits.	1.00	Cultural Competency and Education Manager	$83,607.50	$56,276.43	$56,276.43

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Data Analytics, Management and Assessment; Pillars Awards Program	Staffing/general supplies for annual service and recognition awards program for students, faculty, staff, alumni and community members. In 2022, there were 42 total nominees and 14 awardees and honorable mentions. Totals include salary support and fringe benefits.	1.00	Diversity Assessment and Programs Director	$82,675.00	$60,822.32	$60,822.32
Office of Diversity and Inclusion	Group on Women in Medicine and Science	Faculty leadership development programming for all faculty and trainees, not exclusive to just female faculty.	0.00		$16,087.24	$0.00	$0.00
					$518,865.74	**$367,990.17**	**$367,990.17**

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University of Mississippi Medical Center Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Departmental oversight	Staffing/institutional department with direct oversight of developing and/or coordinating programming, activities and initiatives sponsored by ODI. Totals include salary support and fringe benefits.	1.00	Chief Diversity and Inclusion Officer	$215,838.00	$51,844.29	$51,844.29
Office of Diversity and Inclusion	Budget Management and Administrative Support	Staffing/oversight for department operations; budget; administrative and programming support. Totals include salary support and fringe benefits.	1.00	Program Manager	$79,626.00	$19,126.17	$19,126.17
Office of Diversity and Inclusion	Education/Training	Staffing/general supplies/resources for workshops offered by ODI at the request of a department/school on topics related to cultural competency, health care disparities, and health equity to improve health outcomes for diverse patient populations. Training and education is targeted for students, trainees, faculty and staff. Totals include salary support and fringe benefits.	1.00	Cultural Competency and Education Manager	$64,261.00	$15,435.49	$15,435.49

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)	State Funded Portion	State Funds Expended
Office of Diversity and Inclusion	Data Analytics, Management and Assessment; Pillars Awards Program	Staffing/general supplies for annual service and recognition awards program for students, faculty, staff, alumni and community members. In 2023, there were 48 total nominees and 17 awardees and honorable mentions. Totals include salary support and fringe benefits.	1.00	Diversity Assessment and Programs Director	$71,393.00	$17,103.34	$17,103.34
Office of Diversity and Inclusion	Group on Women in Medicine and Science	Faculty leadership development programming for all faculty and trainees, not exclusive to just female faculty.	0.00		$4,985.36		$0.00
					$436,103.36	**$103,509.28**	**$103,509.28**

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University of Southern Mississippi Fiscal Year 2020 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
Office of Affirmative Action/EEO[4]		Unit that administers federally required affirmative action and equal employment opportunity functions	1.00	EEO Coordinator	$66,272.00	$25,846.08	$25,007.39
Office of Multicutural Programs		Unit that administers student affairs programming and initiatives supporting historically underrepresented students	1.00	Program Manager	$54,678.00	$21,324.42	$19,073.04
	Center for Black Studies	Academic center focused on the history and culture of African Americans	N/A[5]	Director; Associate Director	$3,000.00	$1,170.00	$1,170.00
	McNair Scholarships[4]	Scholarships supporting students who qualify as McNair Scholars in accordance with U.S. Department of Education federal requirements			$66,100.00	$25,779.00	$11,025.05
	Kennard Scholars Program	Program supporting students who demonstrate financial need and identify as a member of a historically underrepresented group	0.17	Coordinator of Multicultural Services and Programs and Director of Kennard Scholars Program	$16,840.00	$6,567.60	$2,306.99
	Minority Student Development	Support for programs for underrepresented students			$19,127.00	$7,459.53	$7,455.53
	Armstrong-Branch Lecture Series	Annual lecture named in honor of the first African American students who enrolled at USM in 1965			$30,000.00	$11,700.00	$5,664.31

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
	Black History Month	Annual programming for Black History Month			$5,406.00	$2,108.34	$1,684.86
	BLKS 301 - Introduction to Black Studies[6]	required course for Black Studies Minor			$11,355.03	$0.00	$0.00
					$272,778.03	**$101,954.97**	**$73,387.17**

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University of Southern Mississippi Fiscal Year 2021 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
Office of Affirmative Action/EEO[4]		Unit that administers federally required affirmative action and equal employment opportunity functions	1.00	EEO Coordinator	$66,347.00	$27,202.27	$26,139.48
Office of Multicultural Programs		Unit that administers student affairs programming and initiatives supporting historically underrepresented students	2.83	Director of Multicultural Programs; Coordinator of Multicultural Services and Programs and Director of Kennard Scholars Program; Program Manager	$227,914.00	$93,444.74	$52,512.06
Office of Diversity, Equity, and Inclusion		Unit charged with coordinating initiatives related to diversity, equity, and inclusion	1.00	Vice President for Diversity, Equity, and Inclusion[7]	$213,000.00	$87,330.00	$14,897.81
	Center for Black Studies	Academic center focused on the history and culture of African Americans	N/A[5]	Director; Associate Director	$3,000.00	$1,230.00	$1,230.00
	McNair Scholarships[4]	Scholarships supporting students who qualify as McNair Scholars in			$36,645.00	$15,024.45	$10,814.54

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
		accordance with U.S. Department of Education federal requirements					
	Kennard Scholars Program	Program supporting students who demonstrate financial need and identify as a member of a historically underrepresented group	0.17	Coordinator of Multicultural Services and Programs and Director of Kennard Scholars Program	$17,274.00	$7,082.34	$2,006.44
	Armstrong-Branch Lecture Series	Annual lecture named in honor of the first African American students who enrolled at USM in 1965			$27,445.00	$11,252.45	$1,118.03
	Black History Month	Annual programming for Black History Month			$5,406.00	$2,216.46	$299.34
	BLKS 301 - Introduction to Black Studies[6]	required course for Black Studies Minor			$6,317.14	$0.00	$0.00
	AIS 301 - Contemporary Issues in Indian Country[6]	required course for American Indian Studies Minor			$9,135.47	$0.00	$0.00
					$612,483.61	**$244,782.71**	**$109,017.69**

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University of Southern Mississippi Fiscal Year 2022 Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
Office of Affirmative Action/EEO[4]		Unit that administers federally required affirmative action and equal employment opportunity functions	1.00	EEO Coordinator	$67,561.00	$27,024.40	$24,948.25
Office of Multicultural Programs		Unit that administers student affairs programming and initiatives supporting historically underrepresented students	3.41	Director of Inclusion and Multicultural Engagement; Assistant Director of Programming; Assistant Director of Engagement; Program Manager	$269,170.00	$107,668.00	$105,757.32
Office of Diversity, Equity, and Inclusion		Unit charged with coordinating initiatives related to diversity, equity, and inclusion	1.88	Interim Chief Diversity Officer; Misc Non-Student	$191,784.00	$76,713.60	$58,292.76
	Center for Black Studies	Academic center focused on the history and culture of African Americans	N/A[5]	Director; Associate Director	$3,000.00	$1,200.00	$1,200.00
	McNair Scholarships[4]	Scholarships supporting students who qualify as McNair Scholars in accordance with U.S. Department of Education federal requirements			$37,645.00	$15,058.00	$12,202.15

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
	Kennard Scholars Program	Program supporting students who demonstrate financial need and identify as a member of a historically underrepresented group	0.17	Coordinator of Multicultural Services and Programs and Director of Kennard Scholars Program	$15,421.00	$6,168.40	$4,472.00
	Armstrong-Branch Lecture Series	Annual lecture named in honor of the first African American students who enrolled at USM in 1965			$27,445.00	$10,978.00	$53.60
	Black History Month	Annual programming for Black History Month			$5,406.00	$2,162.40	$2,162.40
	BLKS 301 - Introduction to Black Studies[6]	required course for Black Studies Minor			$6,307.93	$0.00	$0.00
	SOC 202 - Diversity, Equity, and Inclusion[6]	required course for Diversity, Equity, and Inclusion Certificate			$15,075.00	$0.00	$0.00
					$638,814.93	**$246,972.80**	**$209,088.48**

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University of Southern Mississippi Fiscal Year 2023 (YTD) Survey Results

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
Office of Affirmative Action/EEO[4]		Unit that administers federally required affirmative action and equal employment opportunity functions	1.00	EEO/Employee Relations Director	$102,657.00	$43,115.94	$30,921.46
Office of Multicultural Programs		Unit that administers student affairs programming and initiatives supporting historically underrepresented students	2.64	Director of Inclusion and Multicultural Engagement; Assistant Director of Programming; Assistant Director of Engagement; Coordinator of Prism and Programming	$226,363.00	$95,072.46	$73,969.03
Office of Diversity, Equity, and Inclusion		Unit charged with coordinating initiatives related to diversity, equity, and inclusion	1.69	Chief Diversity Officer; Misc Non-Student	$221,581.00	$93,064.02	$49,181.57
	Center for Black Studies	Academic center focused on the history and culture of African Americans	N/A[5]	Director; Associate Director	$4,600.00	$1,932.00	$1,932.00
	McNair Scholarships[4]	Scholarships supporting students who qualify as McNair Scholars in accordance with U.S. Department of Education federal requirements			$39,000.00	$16,380.00	$8,082.10

Department	DEI Program/Activity	Brief Description of DEI Program/Activity	Number of FTE(s)	Title(s)/ Position(s)	Total Funding Received (All Sources)[1]	State Funded Portion[2]	State Funds Expended[3]
	Kennard Scholars Program	Program supporting students who demonstrate financial need and identify as a member of a historically underrepresented group	0.11	Coordinator of Multicultural Services and Programs and Director of Kennard Scholars Program	$15,153.00	$6,364.26	$2,765.15
	Armstrong-Branch Lecture Series	Annual lecture named in honor of the first African American students who enrolled at USM in 1965			$27,445.00	$11,526.90	$11,526.90
	Black History Month	Annual programming for Black History Month			$5,406.00	$2,270.52	$2,252.36
	BLKS 301 - Introduction to Black Studies[6]	required course for Black Studies Minor			$7,940.95	$0.00	$0.00
	AIS 301 - Contemporary Issues in Indian Country[6]	required course for American Indian Studies Minor			$8,827.87	$0.00	$0.00
	SOC 202 - Diversity, Equity, and Inclusion[6]	required course for Diversity, Equity, and Inclusion Certificate			$14,377.08	$0.00	$0.00
					$673,350.90	**$269,726.10**	**$180,630.56**

An Equity-Based Approach to Mindful Yoga in the Preschool Classroom

PI   **Alicia Stapp**
Associate Professor of Health and Physical Education and Assistant Chair of Teacher Education

Co-PI   **Kenya Wolff**
Associate Professor of Early Childhood Education and Co-Director of the Graduate Center for Early Learning

Stephanie Miller
Associate Professor of Psychology, Director of Experimental Training

Bridging the Gaps: Examining the Interplay between Acculturation, Acculturation Stress, Social Support and Alcohol Use among International Students Attending Universities in the Rural South of the United States

PI   **Ruaa Al juboori**
Assistant Professor of Public Health and Data Analytics Statistician at the ICN

Co-PI   **Yi Jin Kim**
Ph.D. Program Director, Associate Professor, Social Work

Pathways to Violent and Nonviolent Extremism; How Does Gender Matter?: Creating a Dataset of Biographies of U.S. Extremists, 2015-2021

PI   **Ana Velitchkova**
Croft Assistant Professor of Sociology and International Studies

Fostering Diversity, Equity and Inclusion through Just Conversations

PI: **Grace Rivera**
Assistant Professor of Psychology

Co-PI: **Deborah Mower, Director**
The Center for Practical Ethics

AIE (Acronym-Induced Exclusion): Unfamiliar language as an obstacle to inclusivity

PI: **Andrew Hales**
Assistant Professor of Psychology

Appendix: IX
Grants from the Rural Physicians
Scholarship Program to Doctors Who Don't
Actually Serve Rural Areas

MISSISSIPPI

UMMC Rural Scholarships Programs
Performance Review

August 2023

SHAD WHITE
State Auditor

Logan Reeves
Director, *Government Accountability*

Executive Summary

For the second consecutive year, Mississippi's health system ranks worst in the United States.[1] In 2019, Mississippi ranked 49th and 48th among states in our nation for physicians and dentists per capita, respectively.[2] For perspective, at least 83% of Mississippians live in counties without adequate access to primary care and at least 85% without adequate access to dental care.[3, 4]

To address our state's longstanding healthcare shortage, the Mississippi Legislature established the Mississippi Rural Physicians Scholarship Program (MRPSP) in 2007 and the Mississippi Rural Dentists Scholarship Program (MRDSP) in 2013.[5] These programs incentivize future physicians and dentists to practice in medically underserved or rural areas in Mississippi and are administered by the University of Mississippi Medical Center (UMMC) MRPSP/MRDSP office.[6]

Rural Physicians and Rural Dentists Scholarship recipients are awarded financial support of $35,000 per school year for no more than 4 years. In return, recipients must practice in rural or medically underserved areas in Mississippi for at least the same number of years they were awarded the scholarship. Their practice must begin soon after completing their primary care residency or dental training. Failure to meet any of the programs' requirements constitutes a breach of contract, which results in financial penalties.[7]

The Rural Physicians and Dentists Programs are meant to provide a crucial service for Mississippi by sending doctors and dentists to areas with the greatest healthcare needs. The Mississippi Office of the State Auditor conducted a review of these programs to ensure they operate efficiently and assure taxpayers' money is spent wisely.

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[1] See 2022 report and 2023 report from The Commonwealth Fund.

[2] See physician and dentist data published by the Center for Disease Control.

[3] See HRSA maps.

[4] Analysts used population data to determine percentages.

[5] See Miss. Code Ann. §§ 37-144-1 — 37-144-21 and see Miss. Code Ann. §§ 37-146-1 — 37-146-21.

[6] Ibid.

[7] This information is contained in the programs' contracts. The policies and procedures and state law allow participants to receive financial assistance for up to 5 years; however, the contracts state up to 4 years.

Mississippi has a statewide shortage of medical and dental primary care providers.

The Health Resources and Services Administration (HRSA) is a federal agency working to improve access to healthcare for people who are uninsured, underserved, or medically vulnerable.[8] One of its major functions is designating geographic areas as Health Professional Shortage Areas (HPSAs), which are rigorously evaluated annually.[9, 10] In Mississippi, the HRSA classifies 80 of 82 counties as containing shortages in either primary or dental care.[11] Figure 1 and Figure 2 show the healthcare needs of each Mississippi county by its respective Primary and Dental Care HPSA score.[12]

**Figure 1:
HRSA Primary Care HPSAs**
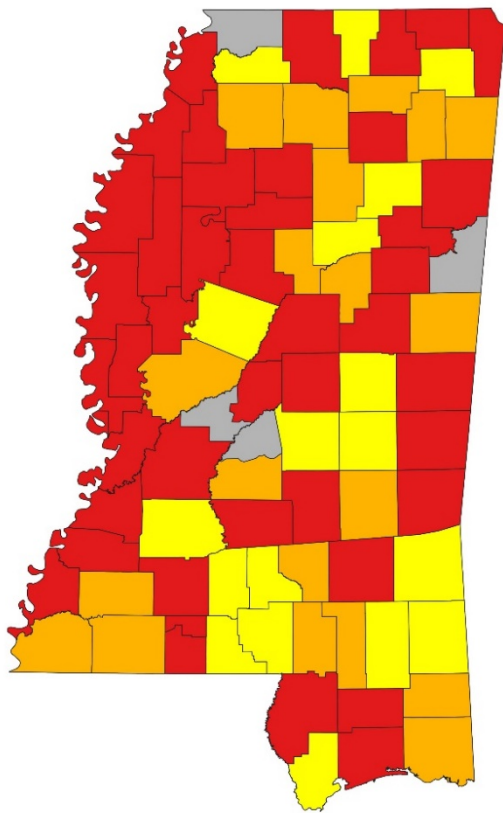
**Figure 2:
HRSA Dental Care HPSAs**

HRSA HPSA Score
- 18+
- 14-17
- 1-13

Other HRSA Designations
- HRSA Non-HPSA

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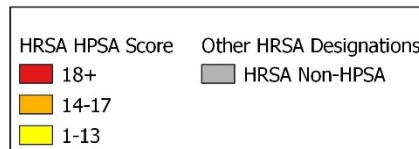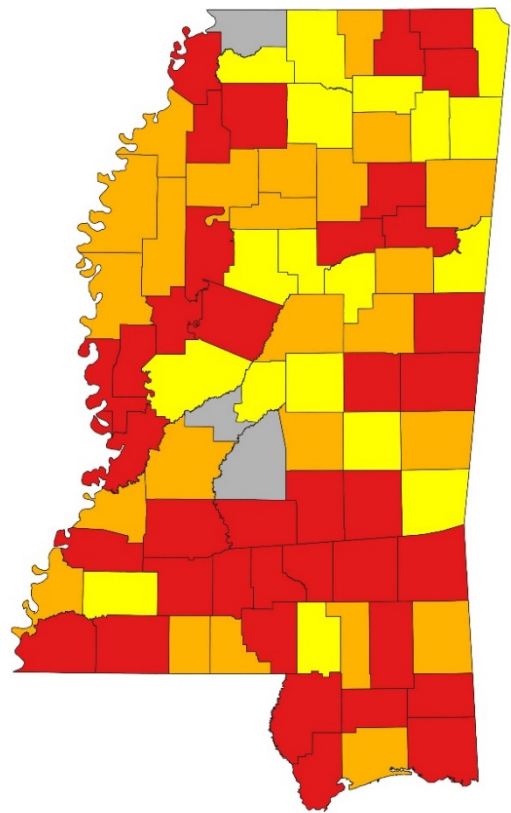
[8] See the HRSA website.

[9] See the HRSA website for the formulas used to score shortage designations.

[10] See 42 USC § 254e.

[11] See previous note.[3]

[12] A higher HPSA score indicates a higher level of need for healthcare.

Taxpayers have spent over $33 million on the Rural Scholarships Programs.

Each year since the programs were established, the Mississippi Legislature has passed appropriations bills to provide funding for the Rural Scholarships Programs. Figure 3 shows the amount of taxpayer money the programs have been appropriated each year and how the programs have received more funding over time.

Figure 3:
FY 2008 through FY 2024 Scholarships and Administration Appropriations
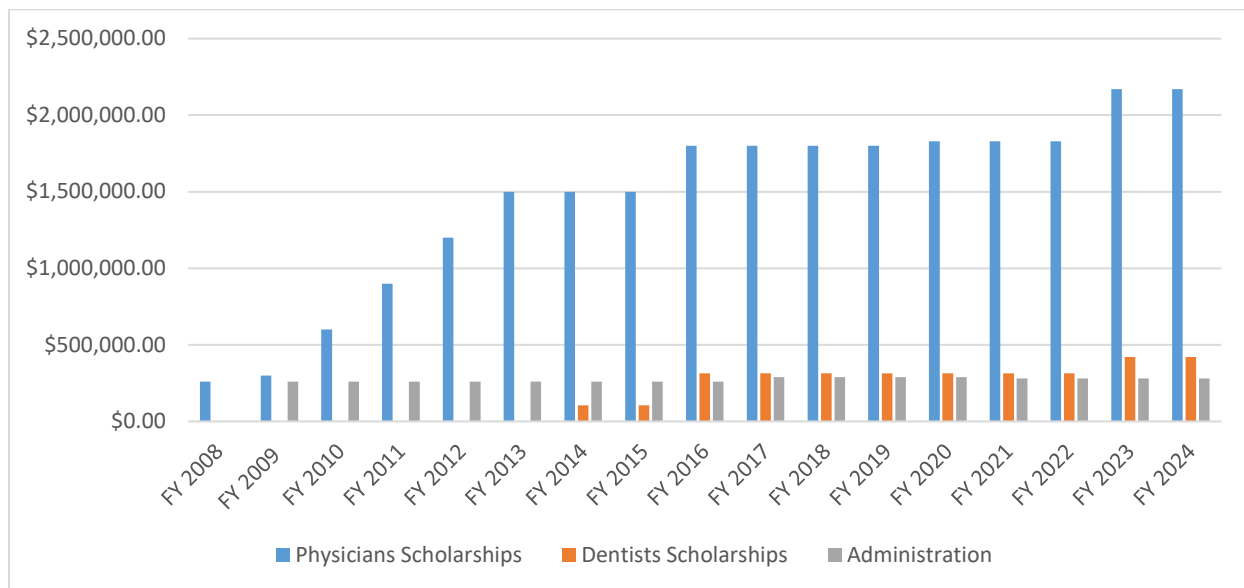
Overall, the Legislature has appropriated over $33.5 million for scholarships, administration, and other expenses to these programs.[13] As a result of this funding, the Rural Scholarships Programs have placed at least 119 physicians and 17 dentists into healthcare practice.[14] The Mississippi Legislature has recently expanded both programs—appropriating $2,170,000 to Rural Physicians Program scholarships and $420,000 to Rural Dentists Program scholarships in both FY 2023 and the upcoming FY 2024.
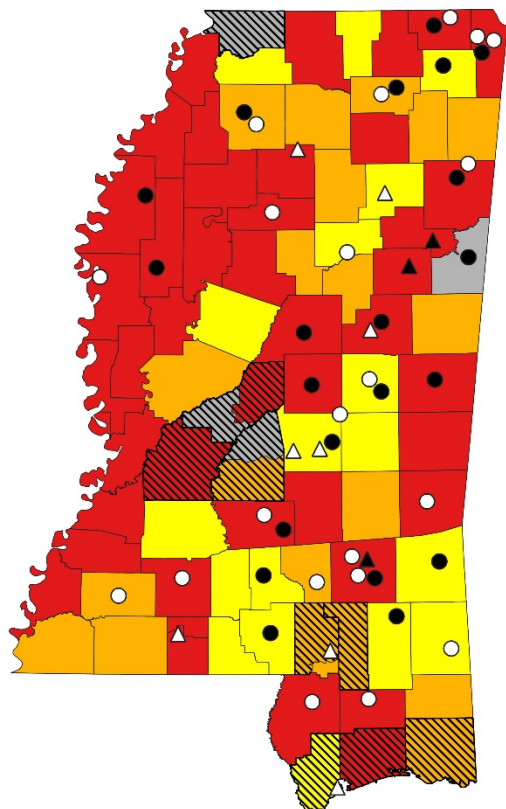
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[13] These numbers were obtained from the Mississippi Legislative Budget Office and appropriation bills for FY 2008 through FY 2024. In FY 2014-15 and FY 2023-24, the Legislature appropriated additional funds for the programs. These additional funds are not included in Figure 3 but are accounted for in the total amount listed above.

[14] Some of these physicians and dentists did not fulfill program obligations.
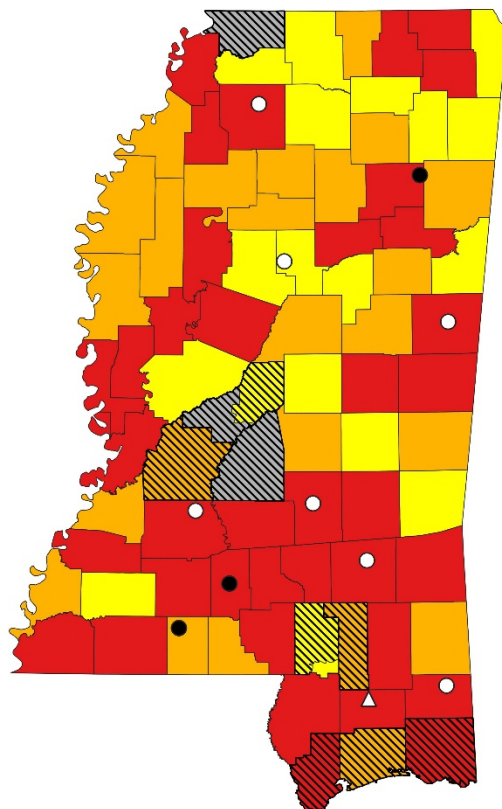
The Rural Scholarships Programs are placing healthcare professionals in HPSAs.

Analysts reviewed participants' practice locations provided by the MRPSP/MRDSP office. Figure 4 and Figure 5 show every dentist and nearly every physician is currently fulfilling his or her service obligation or practicing in HRSA-designated rural areas.[15,16]

Figure 4:
Rural Physicians Program
Practice Locations

Figure 5:
Rural Dentists Program
Practice Locations

The figures show 64 physicians and 12 dentists who have completed or are completing their respective programs' service obligations and currently practicing in Mississippi. Of these, at least 27 physicians and 3 dentists remained practicing in rural areas after fulfilling their service obligations.[17]

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[15] State law grants each program discretion to define rurality differently from the HRSA.

[16] The MRPSP and MRDSP do not use the same definition of rurality.

[17] This information was last updated in January 2023.

Rural Scholarships are producing healthcare professionals in rural areas—but not fast enough.

Each year, the HRSA monitors the number of physicians and dentists practicing in rural areas of Mississippi. It calculates the number of practicing physicians and dentists to determine the percent of need met to remove HPSA designations. Figure 6 shows Mississippi's percent of need met for both primary and dental care HPSAs and the impact the Rural Scholarships Programs have had on these percentages.[18, 19]

Figure 6:
Percent of Need Met for Primary Care and Dental Care HPSAs
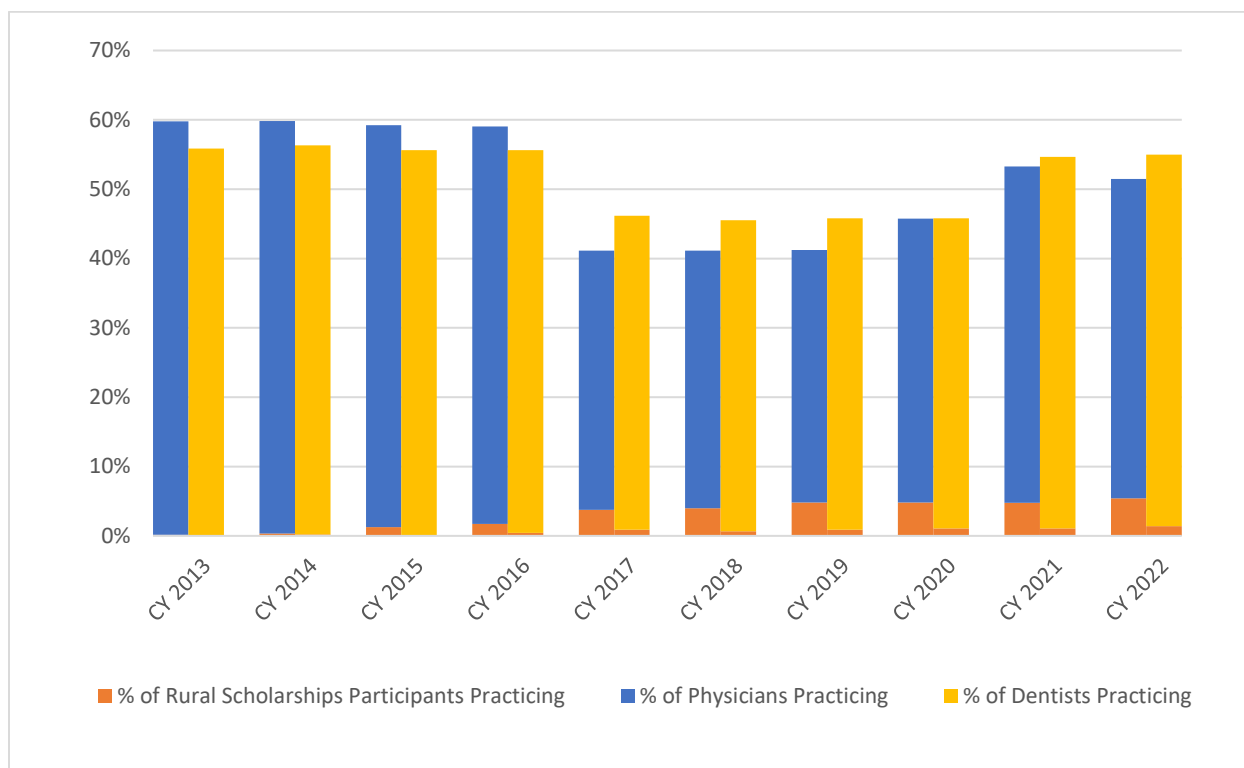
The Rural Physicians and Rural Dentists Programs target the most critical component of the federal government's assessment of HPSAs: the population-to-provider ratio. However, data show Mississippi's percent of need met for both primary and dental care HPSAs has decreased over the last 10 years despite increased investment into the Rural Scholarships Programs. In 2022, participants from the Rural Physicians and Dentists Programs only comprised 5% and 1% of need met, respectively. In 2022, Mississippi had less

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[18] The "Rural Scholarships" category shows only primary and dental care providers actively fulfilling their service obligations. While imperceptible, physicians are included each year and dentists each year after 2013.

[19] This figure was created by analysts using information provided by the HRSA.

than 60% of the primary and dental care providers required to fully address the health and dental needs in Mississippi HPSAs.

The programs' policies need improvement.

Each program has its own commission to establish policies and procedures for the Rural Scholarships Programs within the bounds of state law. However, state law is vague and allows each commission broad discretion to administer the respective programs. For example, the rules for the programs do not preclude the City of Flowood from being designated as a rural area because it is a municipality with a population of fewer than 15,000 people despite the fact that it borders Jackson—Mississippi's largest city. The HRSA, however, accounts for a location's proximity to a metropolitan area and does not designate the City of Flowood as a rural area. Because of this difference, approximately 10% of active participants in the Rural Physicians Program are practicing in areas the HRSA does not consider rural.[20,21] Additionally, analysts noted both programs allow participants from non-rural areas to receive scholarships despite state law requiring participants to be from rural areas of Mississippi.[22]

The programs fail to respond appropriately when participants do not meet scholarship requirements.

The MRPSP/MRDSP office and the Office of Student Financial Services (OSFS) execute the policies and procedures set forth by the programs' commissions. These offices share responsibility for the administrative functions of the Rural Scholarships Programs, but analysts noted both the MRPSP/MRDSP office and OSFS inconsistently applied these policies when participants breached their contracts.

According to MRPSP/MRDSP office data, approximately 25% of all Rural Physicians and 14% of all Rural Dentists Program participants have breached their contracts. On the date a participant breaches his or her contract, OSFS converts the scholarship into a loan with interest assessed from the date of the first disbursement.[23] When participants breach and repay loans, the money is deposited into an account maintained by the UMMC Accounting Department and used to fund additional scholarships.

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[20] While no program participants practice(d) in Flowood, this example—along with the 10% of Rural Physicians Scholarship recipients who analysts identified currently practice in areas the federal government does not consider rural—provides a compelling reason for both programs to consider adopting the HRSA definition of rurality.

[21] The "MRPSP Policy and Procedures" document states "[t]he Commission should consider such things as population, number of physicians, age of physicians, and any other relevant data" when approving rural practice locations.

[22] See previous note.[5]

[23] The Programs' policies and procedures allow participants to apply for and be granted a one-year grace period.

Currently, neither office reliably identifies when a participant has breached his or her contract despite participants being required to submit documentation showing they have met program requirements. Additionally, the MRPSP/MRDSP office and OSFS provided analysts with conflicting lists of breached participants. Without reliable breach data, OSFS cannot calculate an accurate interest penalty to charge breached participants. In some instances, analysts identified records for which the interest penalty owed by breached participants had been handwritten and miscalculated. Identifying breached participants and applying the correct interest amounts to their loans are vital to ensure the accurate repayment of state funds.

Conclusion

The Rural Scholarships Programs are paying for doctors and dentists to work in Mississippi, but the programs can be improved. The commissions running each program should update their policies and procedures to ensure they are consistent with the intent of state law. The MRPSP/MRDSP office and OSFS should also improve their oversight of breach protocols to ensure both taxpayers and participants are treated fairly. With these improvements, the Legislature will be able to make more informed decisions when deciding to invest more funds into the Rural Scholarships Programs. By investing in the Rural Scholarships Programs and similar programs aimed at expanding healthcare availability throughout our state, the Legislature can better develop the healthcare landscape to meet the needs of Mississippi taxpayers.

Appendix: X
School Districts Paying for Multiple Pieces of Software that All Do the Same Thing

MS RFP 011020

A Performance Audit of Three School Districts in Mississippi

Glimpse

Glimpse

GlimpseK12 is providing this report based on data and extrapolated information provided by the school district at the time of the report. GlimpseK12 does not independently verify the data or information provided to them from the district or its programs. If the district chooses to provide additional data or information, GlimpseK12 reserves the right to amend the report.

Disclaimer: The issuance and submittal of the RFP predated the impacts of COVID-19. As such, the scope of the project was adjusted to include the 2018-19 school year as it was the last intact school year operationally. Data sets for 2019-20 and forward were altered by the impact of quarantines, closures, changing models of instruction, and financial impacts.

All decisions made by the Mississippi Office of the State Auditor in respect to the contents of this report are understood to be the sole responsibility of the Mississippi Office of the State Auditor. Additionally, GlimpseK12 shall be indemnified and held harmless, nor should any contents in this report be interpreted as legal advice or opinion. GlimpseK12 does not and will not in the future perform any management functions for the Mississippi Office of the State Auditor.

This report is solely intended to be a resource guide for Mississippi Office of the State Auditor.

Glimpse

The Mississippi Office of the State Auditor (OSA) awarded RFP No. 011020, A Performance Audit of Three Mississippi School Districts, to GlimpseK12. Due to the impact of COVID-19, the award and official start date of the RFP commenced July 2020 with a final report date of February 2021 per the original terms of contract stipulating completion with eight months.

The scope of work emphasized the identification of waste in public education spending, particularly in expenditures that do not directly affect the classroom, do not lead to improved student outcomes, or that are administrative spending. Categorically, the areas within the scope of work included but were not limited to:

1. Whether spending lead to the desired student outcomes?
2. Whether money spent on programs, materials, etc. go unused or underutilized?
3. Whether administrators' salaries are above the norm or beyond what was necessary to hire the needed talent?
4. Whether the number of administrators is excessive considering the district size?
5. Whether the district has paid for duplicative services?
6. Whether money was wasted on non-instructional areas related to the daily operations of the district?

Project Parameters

Glimpse

Project Summary

OSA identified the three districts at the awarding of the contract, which were:

- Columbus Municipal School District
- Hinds County School District
- Starkville-Oktibbeha Consolidated School District

Glimpse hosted a start-up meeting with OSA as well as a joint meeting with OSA and each identified school district to review the project scope, parameters, and process. To ensure a successful timeline and project completion, the management timeline illustrated in the chart was utilized.

Activity	2020 June	July	August	September	October	November	December	2021 January
Contract Execution	■							
District and State Department Research	■							
Initial Data Request	■	■						
Completion of Education Strategic Alignment Forms		■	■					
Completion of Operational Assessment Forms		■	■					
Receipt and Verification of Data Request		■	■					
Preliminary Data Analysis		■	■	■				
Initial Onsite Interviews			■	■				
Follow-up Data Request				■	■			
Ongoing Data Analysis & Preliminary Discovery				■	■			
Platform and Report Build				■	■	■		
District Level Reporting & Verification					■	■		
Draft Review of Comprehensive Report						■	■	
Delivery of Final Report							■	■

Project Timeline

Glimpse

Glimpse compiled the following key data points collectively from all three school districts for OSA. Each school district has an executive summary specific to their performance at the beginning of their respective report section.

- Range of identified waste and opportunity to be captured: $2,400,000.00 – 3,580,000.00
- Average student enrollment: 4,633
- Average administrative positions: 11.33
- Average cost of administrative salaries: $1,066,736
- Top three non-instructional areas on which to focus: Maintenance & Operations, Transportation, Supply Chain
- Largest factor related to instructional programs creating waste: Accountability of Digital Program Utilization

Collectively, the three school districts have a potential reduction in waste of $9,525,480.00.

Combined Summary Points

Glimpse

Superintendent Salary and Comparatives					
	2018-19			**2019-20**		
	Salary	**Per Student**	**Per Revenue**	**Salary**	**Per Student**	**Per Revenue**
CMSD	$150,000.00	$41.05	$281.53	$150,000.00	$43.45	$311.10
HCSD	$165,975.00	$29.54	$390.17	$187,473.00	$33.60	$345.39
SOCSD	$180,000.00	$35.45	$353.85	$185,400.00	$36.51	$365.24

2019-20 Median Salary (MS) $121,200.00

2019-20 Median Per Student $52.85

Superintendent positions are contracted through the local board of education. Many factors are included in determining the salary of the superintendent such as: experience, education, longevity, community standards of living, student performance, turnover rate, and historical success.

In Mississippi, the range of superintendent salaries was $67,500 to $210,780 in the 2018-19 school year. The three districts included in this project currently pay the superintendent in the upper quartile of districts across the state.

Elements that influence salary and comparatives include:

- District Performance Status
- Longevity
- Experience
- Salary per student is an often-used comparative for high level positions such as superintendent
- District revenue per dollar in salary is another comparative used to measure accuracy in pay

Superintendent Comparatives

Glimpse

Performance Review

Columbus Municipal School District

December 2020

Glimpse

GlimpseK12 is providing this report based on data and extrapolated information provided by the school district at the time of the report. GlimpseK12 does not independently verify the data or information provided to them from the district or its programs. If the district chooses to provide additional data or information, GlimpseK12 reserves the right to amend the report.

All decisions made by Columbus Municipal School District in respect to the contents of this report are understood to be the sole responsibility of Columbus Municipal School District. Additionally, GlimpseK12 shall be indemnified and held harmless, nor should any contents in this report be interpreted as legal advice or opinion. GlimpseK12 does not and will not in the future perform any management functions for Columbus Municipal School District.

This report is solely intended to be a resource guide for Columbus Municipal School District.

Limitations

Glimpse

GlimpseK12 conducted a performance audit of three Mississippi school districts for the Mississippi Office of State Auditor, one district of which was Columbus Municipal School District (CMSD). Throughout the performance, audit district leaders and personnel were forthcoming with data, accessible upon request, and, overall, interested in potential opportunities for improvement that may be identified. During the initial startup meeting with CMSD, it was determined that they had been in transition over the last two years in leadership, with a new superintendent and new business manager starting their tenures with the district within this time. Interviews revealed many changes and revision of plans related to instruction and operations as a result of the new leadership entry into the district. While a focus on raising student achievement and ensuring fiscal responsibility was evident from the interviews of the Superintendent and Business manager and in the data provided, it was noted there have been obstacles, both internal and external, and COVID-19 has hampered progress toward the goals.

Demographically, CMSD has a student enrollment of approximately 3,300 to 3,500 students and is deemed a Community Eligibility Provision district serving a 100% free and reduced lunch program. CMSD has an annual revenue of just under $50,000,000 from which they served nine schools operating with approximately 450 employees led by 9 to 10 executive-level leaders in the district office. The annual cost of the executive leadership positions is approximately $821,833 (FY20), which represents 1.76% of total revenue. During the 2018-19 school year, CMSD developed a district-wide strategic plan with stakeholder inputs resulting in five long-range goals.

The outcomes of the performance audit for CMSD resulted in an identified opportunity of ineffective spending reduction in the range of $1,608,100 to $3,209,600. To maximize the district's return on investment, this report provides the key metrics used to determine the potential opportunities, descriptions of key performance drivers, and next steps CMSD should undertake to recapture the ineffective spending and increase overall performance both instructionally and operationally. A breakdown of relevant findings and their associated opportunities is provided by performance area on the following pages.

Columbus Municipal School District

Glimpse

Digital Resources and Learning

- CMSD spends on average $534,600 on provided digital devices, network infrastructure, and diagnostic and digital instruction programs.
  - From FY18 to FY20, CMSD invested just over $800,000 in upgrading digital devices for students and teachers.
  - As of FY20, CMSD spent approximately $371,000 on digital programs for diagnostics and instruction purposes.
- Implementation fidelity of the digital instruction resources was the key driver in identifying ineffective spending where students have been provided access to learning platforms via the licensing but do not meet the minimum effective dosage as determined by the selected products. Non-utilization of the digital resources, students identified as non-users or partial users, results in $68,000 to $72,000 of learning opportunity being lost.
- Additionally, a new digital program was purchased in FY20 for $32,370 and thus far demonstrates less than 2% usage, resulting in $31,965 of additional ineffective spending.
- Collectively, CMSD could impact student learning more positively by reducing the current ineffective expenditures of just over $100,000 annually by ensuring appropriate student and teacher engagement with the purchased digital programs.

Transportation Services

- Overall cost reduced by 15.3% from FY19 to FY20, during which time the services moved from being outsourced to being managed by the district.
- Routing inefficiencies were determined to be the key performance measure driving ineffective spending; however, the district's School Choice/Lottery program must be considered when making potential routing improvements.
- Bringing performance in line with peer school systems could yield CMSD annual savings of $362,000 to $705,436.
- The spare bus fleet could result in performance issues as it was determined to be approximately 8% of the current fleet, whereas an optimal position would be around 15%.

Columbus Municipal School District

Glimpse

Maintenance and Operations

- Expenditures as a percentage of overall district expenditures increased by approximately 55.3% between the 2018-19 school year (8.0%) and the 2019-20 school year (11.3%) and are higher than the average for regional peers (6.5%).
- Custodial costs increased between the 2018-19 school year and the 2019-20 school year by $83,984, of which only $3,518.10 was due to supply cost.
- Maintenance costs per square foot is trending higher and has been significantly above both the national peer range and the regional peer average over the last two school years.
- The identified opportunities could reduce Maintenance and Operation costs by $580,000 to $967,000 annually.

Nutrition Services

- CMSD Nutrition Services are high performing. The district has "best in class" participation rates for breakfast and lunch, both higher than the regional peer average (68%).
- There are concerns regarding Nutrition Services' ability to sustain these results. Participation rates for both breakfast and lunch have decreased year over year, both food and labor costs have increased year over year, and productivity as measured by Meals per Labor Hour (MPLH) has sunk year over year.
- While these negative trends may have been at least partially, if not completely, caused by the onset of the COVID-19 pandemic, the district should do some due diligence to ensure performance levels return once the pandemic has been overcome.

Technology

- The district has invested more year over year in technology than the range of national peers (1.71-2.83%) and well above the regional median of the district's peers (1.7%).
- While the district has been making investments in technology, the data points that most of these investments have been for devices and software. The district has NOT overly invested in support technology staffing.
- The district should continue to make investments in technology and couple this with an internal process to track benefits.

Columbus Municipal School District

Glimpse

Human Resources

- Human Resources normalized costs per $100K of revenue or per district staff member both reflect amounts greater than the average for regional peers.
- A deeper look should be taken to see how human resources processes could be streamlined and how duties could be split across central office positions in order to reduce the current cost.
  - An overall reduction between $30,000 to $75,000 would better position the district in comparison to regional peers.
- CMSD's overall employee separation rate is significantly higher than both national and regional peers, and the rate has been increasing over the last two years.

Supply Chain

- CMSD purchases between $12 to $14 million of goods and services each year.
- The district does not have any formal district-wide competitive purchasing processes (competitive bidding or RFP development) or strategies associated with cooperative purchasing agreements. All purchasing is done through vendors per the state's contract listing.
- Typically, a district that makes most purchases solely from vendors on the state's contract listing could reduce the average price of goods and services by 10 to 20% on half of the goods and services acquired. This strategy could free up between $600,000 and $1,390,000 annually.

Financial Services

- Budgeting effectiveness, as measured by both expenditure and revenue forecast as a percentage of actual spend/receipt, was better than the median performance of regional peers and slightly higher than the performance range of national peers.
- Payroll cost as normalized per $100K spent and per paycheck is higher than both national and regional peers. One factor contributing to the cost of payroll processing is the rather low participation by employees in having their paychecks direct deposited (93.5%).
- The district should pursue more competitive grants, thus increasing the amount won each year. Care should be taken, though, to not over-invest grant funds in the addition of staff members.

Columbus Municipal School District

Glimpse

Key Performance Indicators for Central Office Administrative positions point to elements that influence service levels and district leadership. The primary purpose of Executive Leadership in a school district is to support the mission and objectives of the school district. The activities performed by district leaders include oversight of the instructional program, daily operations, and finances of the district as they support the staff and students in achieving the desired outcomes.

CMSD Executive Leadership Positions and Salary	
Position	**Salary**
Superintendent	$175,000
Assistant Superintendent	$118,000
CFO	$98,000
Curriculum & Assessment Coordinator	$79,800
HR Director	$75,000
Director of Information Systems	$73,500
Child Nutrition Director	$70,000
Assistant SpEd Director*	$68,033
Transportation Director	$64,500

CMSD utilizes a consultant as the Special Education Director as of the time of this study.

Total Enrollment
3424

Annual Revenue
$46,665,866.67

Total Executive Salary
$821,833

Percentage of Revenue
1.76%

Factors that influence performance and can steer improvements include:

- District Performance
- Student Achievement
- Compliance with federal and local laws
- Adherence to state and local policy
- Enrollment
- Fiduciary Responsibility
- Ethical Standards

Columbus Municipal School District

Glimpse

Program ROI

2017-2018	
Product/Program	**Amount**
APPLE COMPUTER INC	$21,852.00
APPLE FINANCIAL SERVICES	$215,729.36
APPLE INC	$3,289.00
CDW COMPUTER CENTERS INC.	$22,262.94
CDW GOVERNMENT INC	$1,635.33
CURRICULUM ASSOCIATES, LLC	$20,256.20
EDMENTUM INC	$12,400.00
HOWARD TECHNOLOGY SOLUTIONS	$16,496.00
IXL	$1,048.00
PEARSON	$5,648.49
RENAISSANCE LEARNING, INC.	$40,983.50
ROSETTA STONE LTD	$8,100.00
Grand Total	**$375,157.38**

2018-2019	
Product/Program	**Amount**
APPLE COMPUTER INC	$26,641.90
APPLE FINANCIAL SERVICES	$215,729.36
CDW COMPUTER CENTERS INC.	$2,775.77
CDW GOVERNMENT INC	$22,328.57
CURRICULUM ASSOCIATES, LLC	$220,495.00
EDMENTUM INC	$12,444.75
HOWARD TECHNOLOGY SOLUTIONS	$10,844.98
IXL	$249.00
PEARSON	$291.77
RENAISSANCE LEARNING, INC.	$77,459.31
ROSETTA STONE LTD	$7,999.75
Grand Total	**$597,260.16**

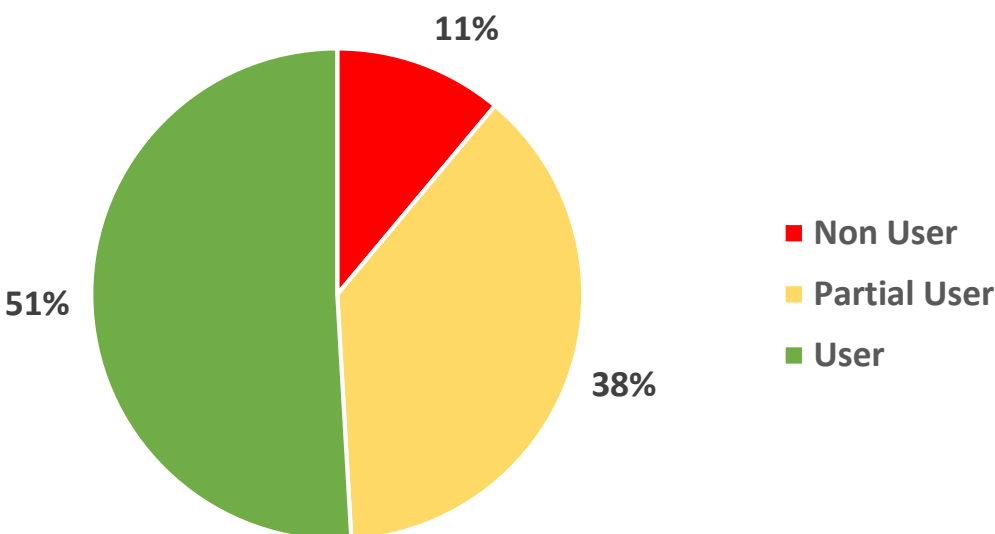| 2019-2020	
Product/Program	**Amount**
APPLE COMPUTER INC	$3,675.89
APPLE FINANCIAL SERVICES	$93,977.66
CDW COMPUTER CENTERS INC.	$1,625.79
CDW GOVERNMENT INC	$28,028.83
CURRICULUM ASSOCIATES, LLC	$267,286.14
EDMENTUM INC	$9,052.00
HOWARD TECHNOLOGY SOLUTIONS	$133,120.50
IXL	$32,370.00
PEARSON	$425.24
RENAISSANCE LEARNING, INC.	$62,457.28
Grand Total	**$632,019.33**

CMSD invested in digital learning devices over the past three years with a total of $820,013.88. Additionally, they have increased their expenditures for diagnostic and instruction from $20,256.220 to $267,286.14 to better identify and serve student learning needs.
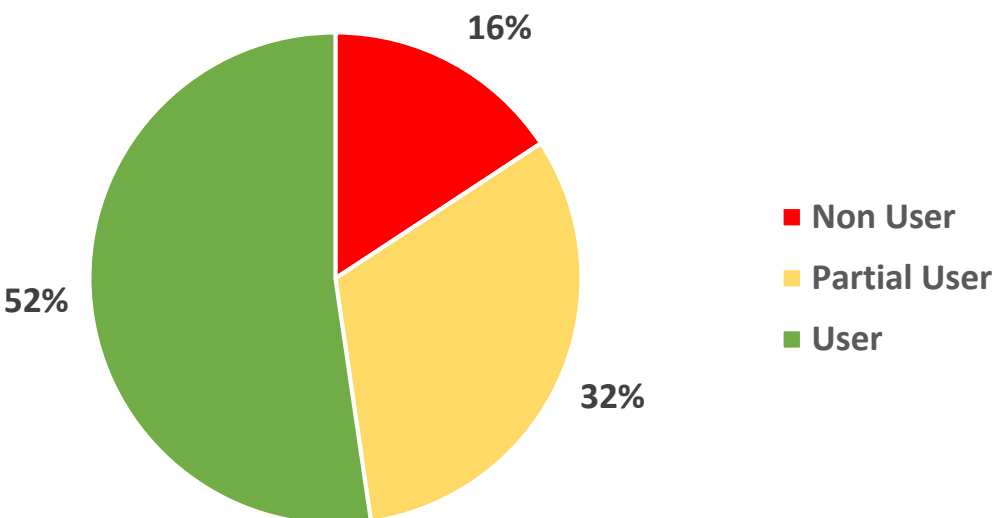
Digital Devices & Programs

Glimpse

I-Ready Math Utilization 2018-19

11%

51%
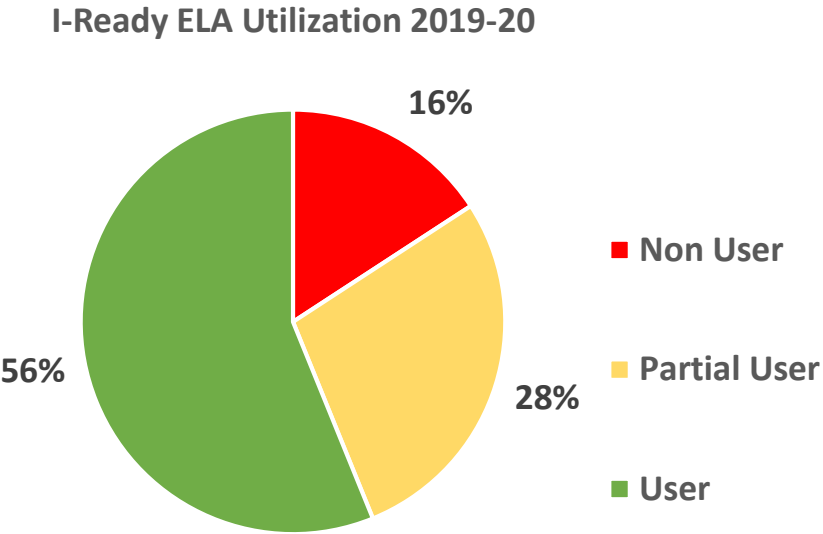
38%

- Non User
- Partial User
- User

I-Ready Reading Utilization 2018-19

16%

52%

32%

- Non User
- Partial User
- User

In 2018-19, I-Ready Math Utilization and I-Ready Reading Utilization resulted in $68,132.08 of ineffective spending. This was calculated by the number of students not meeting the required minimum effective dosage of 45 minutes usage per week based on 24 full weeks of instruction throughout the school year.

16.9% of Math students and 19.2% of ELA students reached or passed the benchmark level by the end of year when using the I-Ready mid-year score. Students classified as users were 20% in Math and 30% in ELA, more likely to benchmark.

Digital Resource Usage

Glimpse

I-Ready Math Utilization 2019-20

8.37%

60.31%

31.32%

- ■ Non User
- ■ Partial User
- ■ User

I-Ready ELA Utilization 2019-20

16%

56%

28%

- ■ Non User
- ■ Partial User
- ■ User
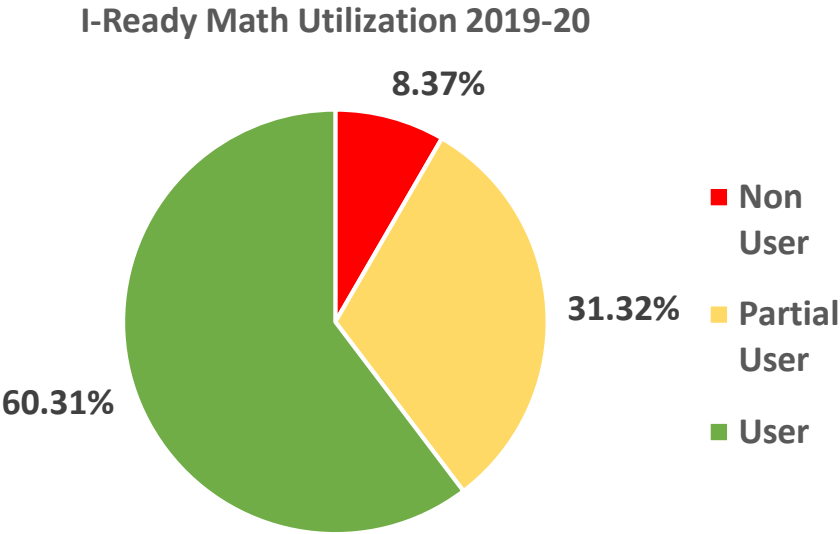
In 2019-20, I-Ready Math Utilization and I-Ready Reading Utilization resulted in $72,207.31 of ineffective spending. This was calculated by the number of students not meeting the required minimum effective dosage of 45 minutes usage per week based on 18 (due to COVID-19) full weeks of instruction throughout the school year.

25.62% of Math students and 32.89% of ELA students reached or passed the benchmark level by end of year when using the I-Ready mid-year score.

Digital Resource Usage

Glimpse

Program Utilization IXL

IXL ELA and Math Utilization 2020-21

1.04%   0.21%

- Non User
- Partial User
- User

98.75%
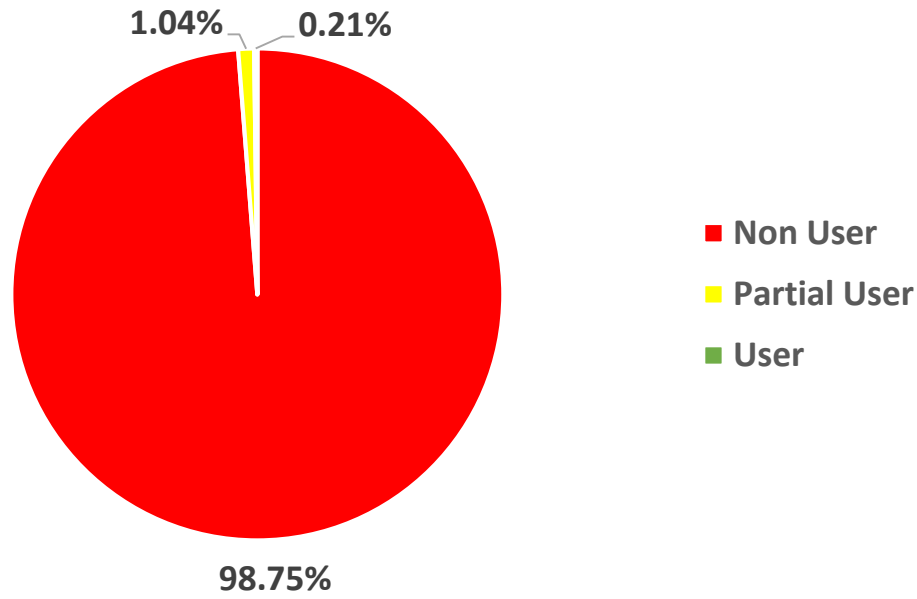
In 2020-21, IXL was purchased to support ELA and Math special education. The utilization of IXL, a digital platform, from August 2020 to December 2020 resulted in less than 2% of students reaching the minimum effective usage recommended by the product to support learning. This lack of usage resulted in $31,965 of ineffective spending.

Digital Resource Usage

Glimpse

Columbus Municipal School District has made a significant investment in instructional technology devices and network infrastructure over the last three years. Additionally, they have committed to the use of Curriculum Associates' product I-Ready for ELA and Math diagnostics and instruction. Some of the cost of I-Ready could be related to teacher professional development and student consumables; however, students have access to the online instructional component.

CMSD would be well served to:
- Develop an accountability process related to teacher and student usage of the digital program
- Develop a process for ensuring compliance to the intended usage strategy
- Systematically measure the impact of the digital usage as it relates to the diagnostic and summative assessments of students
- Deploy a causal analysis resolution process that includes, but is not limited to, the measurement of compliance, ROI, and effect of professional development

In the absence of the above opportunities, CMSD should seek to revise the number of students served to match current usage rates. This will either maximize the expenditure ROI or minimize the non-usage cost range of $68,000 to $72,000.

Additionally, CMSD purchased IXL for support of students in special services but to date has had minimal usage (<2%). This lack of usage resulted in $31,965 of additional ineffective spending.

Potential Improvement Opportunities

Glimpse

Non-Instructional Performance Review

Columbus Municipal School District

December 2020

Glimpse

Transportation Services

Key Performance Indicators for Transportation Services point to elements that influence service levels and cost efficiency. Some indicators are comprehensive in nature, such as Cost per Mile and Transportation Cost per Rider, while other indicators pinpoint exact inefficiencies and excessive expenses. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Transportation as a Percentage of the Total District Expense	7%	6%	↘	4-6%	4.4%	A point of reference illustrating the general size of the transportation operation as a function of the district
Average Annual Cost per Bus Overall	$40,035.67	$34,378.34	↘	$48,683-$72,698	$41,230	Total direct transportation costs plus total indirect transportation costs, divided by total number of buses
Annual Cost per Rider	$1,662.30	$1,279.36	↘	$752-$1529	$756.47	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by number of riders
Annual Cost per Mile	$4.42	$3.61	↘	$3.96-$5.70	$4.55	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by total miles operated
% of Spare Buses	9%	8%	↘	9%-15%	15.0%	Total spare buses divided by total scheduled for daily routes
Ratio of Buses per School	7.89	7.78	↘	4-7	6.61	Total number of buses divided by total number of schools within the district
Ratio of Buses per Mechanic	35.50	35.00	↘		26.38	Total number of maintenance staff divided by the total number of buses

Factors that influence performance and can steer improvements include:

- Types of transported programs served
- Bell schedule
- Effectiveness of the routing plan
- Spare bus factor needed
- Age of fleet
- Driver wage and benefit structure and labor contracts
- Maximum riding time allowed
- Earliest pickup time allowed
- Enrollment projections

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

Overall Transportation Services expenditures reduced by approximately 15.3% between the 2018-19 and 2019-20 school year. During this time, Transportation Services switched from being outsourced to being managed/operated in house. The district is currently facing a significant driver shortage. It should also be noted that the district has in place a School Choice/Lottery program that allows any student to have the opportunity to attend any school. The complexity this program brings must be considered when making any potential routing improvements. Some performance indicators pointing to a potential opportunity to further optimize bus routes are as follows:

- Transportation cost as a percentage of total district expense is running at the high side of the national peer range (4 to 6%) and is significantly above the median of regional peers (4.4%).
- Average daily student ridership is only 33 students per bus, significantly below bus capacities.
- Annual cost per rider is on the high side of the national peer range ($752 to $1,529) and significantly above the median of regional peers ($756.47).
- Ratio of buses per school is on the high side of the national peer range (4 to 7) and is significantly above the average of regional peers (6.61).
- Ratio of buses per mechanic is higher than regional peers.

A detailed review of existing bus routes should take place to evaluate the possibility of reducing the number of daily route buses in order to reduce costs. When evaluating routes and the number of buses needed, the district should also review school bell schedules to determine if schedule standardization and possibly splitting the start times of the high school and middle schools could allow time for buses to service multiple schools through route tiering (one bus with staggered routes, allowing them to service multiple locations) or by "domino" routing techniques (one bus picking up students for/from multiple schools). Other adjustments that may be considered are the length of the allowed ride time and the earliest/latest rider pick-up/drop-off allowed.

Potential Improvement Opportunities (1 of 2)

Glimpse

If performance could be brought into line with peer school systems, Columbus Municipal School District could realize an annual savings between $362,000 and $705,436 while reducing the need for school bus drivers.

Key performance indicators also revealed that the district had only four regular route and one SPED route spare buses. This is approximately 8% of the current fleet. Most school systems will experience service issues if their spare bus fleet drops below 15%. The district should review to determine if the low number of spare buses is negatively impacting services throughout the year. If a negative impact is occurring, the district may find it beneficial to add a few spare buses (2 to 3).

Potential Improvement Opportunities (2 of 2)

Glimpse

Operations

Key Performance Indicators in Operations assess the cost efficiency and service levels of a district's facilities management and labor. Areas of focus include custodial, maintenance, and energy management activities. These indicators should give district leaders a general sense of both where they are doing well and where they can improve. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Operations as a Percentage of overall District Expense	8.0%	11.3%	↗	6%-13.8%	6.5%	A point of reference illustrating the general size of the operations department as a function of the district
Average Square Feet per Student	250.95	261.29	↗	160 - 190	166.81	Total square fotage of all facilities within the district divided by total number of students
Custodial cost per square foot	$1.04	$1.13	↗	$1.20-$2.28	$1.10	Total cost of district-operated custodial work plus total cost of contract-operated custodial work, divided by total square footage
Custodial cost per student	$261.16	$296.44	↗	$239-$427	$214.35	Total custodial work costs (contractor and district operated), divided by total student enrollment.
Custodial workload (Square Footage per Custodian)	30,850	28,859	↘	22,446-30,552	41,372	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district custodial field staff.
Custodial Supply Cost per Square Foot	$0.09	$0.09	↗	$0.07-$0.14	$0.20	Total custodial supply cost divided by total square footage of all buildings.

Custodial Services - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Size of schools
- Space usage rates
- Number of employees
- Scope of duties assigned to Custodians
- Work schedule assigned to Custodians
- Custodian cleaning methods
- Custodial cleaning equipment supplied
- Custodial cleanliness expectations/requirements

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 3)

Glimpse

Operations

Maintenance Cost per Square Foot	$2.45	$4.33	↗	$0.99-$1.32	$2.18	Cost of maintenance work divided by total square footage of all buildings.
Maintenance and Operations cost per student	$613.92	$1,130.26	↗	$837-$1,710	$607.18	Total custodial costs plus total grounds work costs plus total routine maintenance costs plus total major maintenance/ minor renovations costs plus total major rehab/ renovations divided by enrollment.
Maintenance workload (Square Footage per Maintenance Tech)	127,806	81,331	↘		178,716	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district Maintenance Technicians/Tradesmen.
Average Number of Days to Complete a Maintenance Work Order	3	3	→	5-29	10	Total aggregate number of days to complete all work orders, divided by total number of work orders.
Square Acre per Landscape Technician	54.95	54.95	→		91.21	Total acreage of maintained property divided by total number of Landscape Technicians

Maintenance - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Age of infrastructure
- Number of employees
- Management effectiveness
- Automated work order tracking
- Existence of work-flow management process
- Experience of Maintenance staff
- Training of Custodial staff to assist in auxiliary support (i.e., maintenance and lawn care)
- Deferred maintenance backlog

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 3)

Glimpse

Operations

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Utility Costs per Square Foot	$1.07	$1.10	↗	$1.14-$1.59	$1.47	Total utility costs divided by total square footage of all non-vacant buildings.
Electricity Usage per Square Foot (in KW)	4.3	7.2	↗	7.1-11.8		Total electricity usage (in kWh), divided by total square footage of all non-vacant buildings.
Heating Fuel Usage per Square Foot (in kBTU)	0.04	0.14	↗	0.1-32.2		Total heating fuel usage (in kBTU), divided by total square footage of all non-vacant buildings.
Water Usage per Square Foot (in gallons)	0.5	1.2	↗	8.3-16.3		Total water usage (in gallons), divided by total square footage of all non-vacant buildings.

Energy Management - Factors that influence performance and can steer improvements include:

- Overall number of students and staff
- Student and staff density per facility
- Size and age of school facilities
- Student and staff day-to-day behaviors
- Number of non-district supplied appliances in use
- Speed of leak/drip identification and repair
- Implementation of energy efficient lighting, appliances, and HVAC
- Implementation of water efficient faucets and toilets

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (3 of 3)

Glimpse

Overall operation expenditures as a percentage of overall district expenditures increased by approximately 55.3% from the 2018-19 school year (8.0%) to the 2019-20 school year (11.3%) and is higher than the average for regional peers (6.5%). Other key performance indicators point to opportunities across Custodial Services, Maintenance, and Energy Management. Some key performance indicators pointing to a potential opportunity in relation to Custodial Services are as follows:

- Both custodial cost per square foot and custodial cost per student are higher than the average of regional peers.
- Custodial costs increased from the 2018-19 school year to the 2019-20 school year by $83,984, with only $3,518.10 due to supply cost.
- Overall supply costs are in line or better than both the national peer range and the regional peer average.
- Custodial workload per square foot (28,859) is lighter than the average of most peer districts (41,372).
- Custodians currently do not assist with light maintenance activities or lawn services.
- The district does not conduct an annual customer satisfaction survey in regard to custodial service levels.
- The district does not conduct any formal ongoing review of custodial cleanliness level

CMSD should further evaluate custodial services, beginning with an overall staff customer service survey. The district should establish an approach for evaluating facility cleanliness on a monthly basis. Both inputs should be taken into consideration along with APPA (formerly Association of Physical Plant Administrators) Operational Guidelines for Educational Facilities (specifically those applying to Custodial Services).

The outcome from this may have a limited impact on reducing expenditures (approximately $100K or less), service levels would improve, and there may be capacity for custodians to assist in light maintenance activities resulting in a potential significant opportunity to reduce maintenance costs.

Potential Improvement Opportunities (1 of 2)

Glimpse

Some key performance indicators pointing to a potential opportunity in relationship to Maintenance are as follows:

- Maintenance cost per square foot is trending higher and has been significantly above both the national peer range and the regional peer average over the last two school years.
- Maintenance cost per student is higher than the regional peer average.
- Maintenance workload as square feet per maintenance tech is significantly lower than the regional peer average.

CMSD should further evaluate Maintenance services, beginning with an overall staff customer service survey. The results should be taken into consideration along with APPA (formerly Association of Physical Plant Administrators) Operational Guidelines for Educational Facilities.

The district should consider several process improvements, ranging from adopting an automated work order system to developing a formal preventative maintenance plan to outsourcing services that reduce cost (e.g., filter replacement). The district may also find opportunity to redefine custodial services to include some light maintenance activities.

The outcome from the above could possibly reduce Maintenance and Operations cost by 15 to 25% annually (an approximate reduction of $580,000 to $967,000).

Energy management data reflected significant increases in electricity, heating fuel, and water usage from the 2018-19 school year to the 2019-2020 school year. Oddly enough, overall utility costs only saw a moderate increase of $26,839. This should be reviewed at a deeper level to confirm accuracy.

Potential Improvement Opportunities (2 of 2)

Glimpse

Nutrition Services

Key Performance Indicators in Nutrition Services include measures of productivity, broadly measured in Meals per Labor Hour, cost efficiency as determined by food and labor costs per revenue, and service levels as measured by meal participation rates. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Breakfast participation rates	74%	70%	↘	29.3%-52.5%	37.0%	Total breakfast meals served, divided by total district student enrollment times the number of school days in a year.
Lunch participation rates	80%	75%	↘	54.2%-78.6%	68%	Total lunch meals served, divided by total distict student enrollment times the number of school days in a year.
Cost per meal	$2.77	$3.85	↗	$3.15-$3.80	$3.64	Total direct costs of the food service program divided by the total meals equivalent served annually.
Food costs per meal	$0.95	$1.14	↗	$1.44-$1.82	$1.49	Total food costs, divided by the total meals equivalent served annually.
Fund balance as percent of revenue	46.7%	62.1%	↗	11.2%-38.9%	50.0%	Fund balance divided by total revenue
Food costs as a percent of revenue	27.4%	31.3%	↗	38.4%-46.7%	38.63%	Total food costs divided by total revenue
Labor costs as percent of revenue	39.4%	59.6%	↗	37.8%-47.5%	45%	Total labor costs divided by total revenue
USDA Commodities percent of total revenue	5.3%	7.4%	↗	5.8%-6.6%	5.92%	Total value of commodities received divided by total revenue
Meals Per Labor Hour	14.7	11.2	↘	13.6-18.8	13.7	Annual meal equivalents divided by the average daily labor hours annually.

Factors that influence performance and can steer improvements include:

- Menu selections
- Provision II and III and Universal Free
- Free/Reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat
- School opening procedures
- Timing of morning student arrival
- Participation in after school programs, supper programs, and summer feeding

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

CMSD's Nutrition Services are high performing. The district has "best in class" participation rates for breakfast and lunch, both higher than the regional peer average (68%). Food cost per meal is lower than both the national peer range and the regional peer average. This appears to be driven by the district's use of USDA commodities (7.4% of total revenue). Nutrition Services' fund balance as a percentage of revenue (62.1%) is significantly higher than both the national peer range (11.2 – 38.9%) and the regional peer average (50%).

There are concerns regarding Nutrition Services' ability to sustain these results. Participation rates for both breakfast and lunch have decreased year over year, both food and labor costs have increased year over year, and productivity as measured by Meals per Labor Hour (MPLH) has sunk year over year.

While these negative trends may have been at least partially, if not completely, caused by the onset of the COVID-19 pandemic, the district should do some due diligence to ensure performance levels return once the pandemic has been overcome. The district would benefit from reaching out to both students that participate and those that do not to determine their current view of food quality and service factors.

The district should look at current staffing levels by school to determine what participation rates would need to be to increase MPLH to meet peer performance. The district should develop strategy around driving up participation to meet current staffing levels or consider reducing staffing levels through choosing not to replace retirees or other individuals separating over the upcoming year.

Potential Improvement Opportunities

Glimpse

Technology

Key Performance Indicators in Technology assess the productivity, cost efficiency, and service levels of the Technology department. As more districts employee technology to deliver and aide in student instruction, focus should be on the effective deployment and maintenance of technology versus on reducing expenditures. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
IT Spending as percent of District Budget	2.3%	3.4%	↗	1.77%-2.83%	1.7%	Total IT staffing, hardware, systems and service costs divided by total district operating budget.
Average Age of Computers	3.85	3.88	↗	3.19-4.01	3.33	Weighted average (number of 1 year old computers, plus 2 year old x 2, plus 3 year old x 3, plus 4 year old x 4, plus 5 year and older x 5)
Devices per employee	0.79	0.68	↘	0.97-1.63	1.10	Total number of employee laptops and desktops divided by the total number of district employees
Devices per student	0.68	0.87	↗	0.79-1.07	0.77	Total number of desktops, laptops and tablets that are for student use only or mixed-use divided by total stuent enrollment
IT Spending per student	$252.66	$426.49	↗	$196-$324	$159.33	Total IT staffing, hardware, systems and service costs divided by total student enrollment

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

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** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 2)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Network-Bandwidth per Student (in Mbit/s)	224	234	↗	79.6-223	156	Total standard available bandwidth divided by total student enrollment
Network days usage exceeded 75% of capacity	0.00	0.00	→	3-100	49	Number of days that peak daily internet usage reaches more than 75% of standard available bandwidth for 5 minutes or longer.
Advanced-presentation Devices per teacher	1.63	1.59	↘	1.67-2.50	1.83	Total number of devices (video/data projectors/document cameras/whiteboards, etc.) divided by total number of teachers
Devices per IT Staff	557	658	↗	■	617.32	Total student and employee devices (excluding presentation devices) divided by total number of IT staff FTEs.

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

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Key Performance Indicators (2 of 2)

Glimpse

Performance data indicates that CMSD has made and continues to make significant investments in technology for students. The district has invested more year over year in technology than the national peer range (1.71 to 2.83%) and well above the regional median of the district's peers (1.7%). This investment has led to the number of devices per student to increase year over year and provided more for student devices than both national and regional peers. The district has also increased the overall network bandwidth to keep up with the data needs of incoming devices. CMSD's current network bandwidth per student is approximately 234 Mbit/s, which is on the high side for national peers and more than half of regional peers.

While the district has been making investments in technology, the data points that most of these investments have been for devices and software. The district has NOT overly invested in support technology staffing. While the current ratio of devices per Technology staff member has grown, growth appears to be in line with overall technology needs.

The district should continue to make investments in technology and couple this with an internal process to track benefits to students and staff as well as to ensure that investments are paying off regarding the district's overall academic goals.

Human Resources

Key Performance Indicators in Human Resources include district-wide effectiveness measures such as Teacher and Employee Separation Rates as well as indicators that focus more narrowly on the operation of the district's Human Resources department. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
HR Cost per $100K Revenue	$323.42	$453.02	↗	$444-$703	$357	Total HR department costs, divided by total district operating revenue over $100,000
HR Cost per District Staff Member	$301.27	$408.15	↗	$492-$894	$235.61	HR Department costs divided by total number of District Staff (FTEs)
Number of Employees per HR Staff Member	217	229	↗		319.06	Total number of district staff (FTEs) divided by total number of HR staff.
Overall Employee Separation Rate	21%	25%	↗	10.1%-15.4%	16.51%	Total number of employees that left the district divided by the total number of district employees (FTEs).
Teacher Separation Rate	14%	15%	↗	7.8%-14.0%	16%	Total number of Teachers that left the district divided by the total number of district employees (FTEs).
Employee Misconduct Investigations per 1,000 Employees	4.61	4.37	↘	5.2-38.8	8.79	Number of misconduct investigations, divided by total number of district employees (FTEs) over 1,000.
Employee Discrimination Investigations per 1,000 Employees	2.30	2.18	↘	0.65-2.01	1.54	Number of complaints/charges of discrimination filed by employees) divided by total number of district employees (FTEs) over 1,000.

Factors that influence performance and can steer improvements include:

- Human Resources role definition within the district
- Ability of existing technology to automate work
- Hiring practices
- School culture and staff supports
- Local or regional competition
- Effectiveness of recruiting efforts
- Salary and benefits offered
- Employee satisfaction and workplace environment
- Availability of skills in local labor market
- Personnel policies and practices

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

Human Resources normalized costs per $100K of revenue or per district staff member both reflect amounts greater than the average for regional peers. Overall Human Resources cost is below or at the low end of the national peer range. These costs have increased over the last two years by approximately 43%. A deeper look should be taken to see how human resources processes could be streamlined and how duties could be split across central office positions in order to reduce the current cost. An overall reduction between $30,000 to $75,000 would better position the district in comparison to regional peers.

CMSD's overall employee separation rate is significantly higher than both national and regional peers, and the rate has been increasing over the last two years. A deeper dive should be taken into the cause of the overall employee separation rate in order to identify a means to bring the number more in line with both national and regional peers.

Potential Improvement Opportunities

Glimpse

Supply Chain

Key Performance Indicators in Supply Chain include an Accounts Payable (AP) focus on the cost of efficiency, productivity, and service quality of invoice processing, as well as a focus on improving efficiency and effectiveness of procurement practices. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
AP Cost per 100K revenue	$183.61	$179.79	↘	$35.5-$60.5	$115.17	Total AP department personnel costs plus AP department non-personnel costs divided by total district operating revenue over $100,000
AP Cost per invoice	$11.29	$11.69	↗	$3.68-$10.24	$19.52	Total AP department personnel costs plus AP department non-personnel costs, divided by total number of invoices handled by the AP department.
Avg Days to Process Invoices	45	45	→	4-20.7	23.3	Aggregate number of days to process all AP invoices, divided by the total number of invoices handled by the AP department
Invoices processed per FTE per month	547.9	528.7	↘	605-1,626	531.12	Total number of invoices handled by the AP department, divided by total number of AP staff (FTEs), divided by 12 months.
Invoices past due at time of payment	0%	0%	→	2.55%-20.46%	1%	Number of invoices past due at time of payment, divided by total number of invoices handled by the AP department.
Payments voided	5.78%	1.67%	↘	.50%-1.67%	1.82%	Number of payments voided, divided by total number of AP transactions (payments)
P-card Purchasing Ratio	0.02%	0.01%	↘	2.3%-10.3%	4%	Total dollar amount purchased using P-cards, divided by total procurement outlays (including P-card purchases).

Factors that influence performance and can steer improvements include:

- Administrative policies and procedures
- Level of automation
- Existing business technology systems
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Monitoring and reporting systems
- Total dollar amount of invoices paid annually
- Utilization of Purchasing Cards (P-Cards)

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 3)

Glimpse

Supply Chain

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Procurement Costs per 100K	Not tracked	Not tracked	→	$73-$113	$74.49	Total Procurement department expenditures, divided by total district revenue over $100,000
Costs per PO	Not tracked	Not tracked	→	$38-$111	$25.23	Total Purchasing department costs, divided by the total number of purchase orders that were processed by the Purchasing department, excluding P-card transactions and construction.
Procurement Savings Ratio	Not tracked	Not tracked	→	0.9%-4.7%	5%	Total savings from Invitations for Bids, Requests for Proposals and informal solicitations, divided by total procurement outlays (excluding P-cards and construction).
Competitive Procurement Ratio	Not tracked	Not tracked	→	46.8%-85.3%	28.73%	Total amount of purchasing that was through competitive procurements, divided by the sum of total procurement outlays, total P-card purchasing and total construction spending.
Procurement staff with professional certification	0.00	0.00	→	4.0%-38.8%	1%	Number of Purchasing department staff with a professional certificate, divided by total number of Purchasing staff (FTEs)
Warehouse Operating Expense Ratio	Not tracked	Not tracked	→	4.1%-24.4%		Total operating expenses of all measured warehouses (including school/office supplies, textbooks, food service items, facility maintenance items, and transportation maintenance items), divided by total value of all issues/sales from the warehouse(s).

Factors that influence performance and can steer improvements include:

- Procurement policies
- Utilization of blanket purchase agreements
- Number of highly complex procurements
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Level of automation

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** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Procurement Costs per 100K	Not tracked	Not tracked	→	$73-$113	$74.49	Total Procurement department expenditures, divided by total district revenue over $100,000
Costs per PO	Not tracked	Not tracked	→	$38-$111	$25.23	Total Purchasing department costs, divided by the total number of purchase orders that were processed by the Purchasing department, excluding P- card transactions and construction.
Procurement Savings Ratio	Not tracked	Not tracked	→	0.9%-4.7%	5%	Total savings from Invitations for Bids, Requests for Proposals and informal solicitations, divided by total procurement outlays (excluding P-cards and construction).
Competitive Procurement Ratio	Not tracked	Not tracked	→	46.8%-85.3%	28.73%	Total amount of purchasing that was through competitive procurements, divided by the sum of total procurement outlays, total P-card purchasing and total construction spending.
Procurement staff with professional certification	0.00	0.00	→	4.0%-38.8%	1%	Number of Purchasing department staff with a professional certificate, divided by total number of Purchasing staff (FTEs)
Warehouse Operating Expense Ratio	Not tracked	Not tracked	→	4.1%-24.4%		Total operating expenses of all measured warehouses (including school/office supplies, textbooks, food service items, facility maintenance items, and transportation maintenance items), divided by total value of all issues/sales from the warehouse(s).

Factors that influence performance and can steer improvements include:

- Procurement policies
- Utilization of blanket purchase agreements
- Number of highly complex procurements
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Level of automation

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** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (3 of 3)

Glimpse

CMSD purchases between $12 to $14 million of goods and services each year. The district does not have any dedicated staff for procurement; processing is done by multiple people throughout the district. The district does not have any formal district-wide competitive purchasing processes (competitive bidding or RFP development) or strategies associated with cooperative purchasing agreements. All purchasing is done through vendors per the state's contract listing. The use of purchasing cards has been limited to fuel purchases through Fuel Man.

The district should consider putting district-wide competitive purchasing processes in place and tracking data associated with purchasing efficiency and effectiveness, such as those shown on the prior page. Typically, a district that makes most purchases solely from vendors on the state's contract listing could reduce the average price of goods and services by 10 to 20% on half of the goods and services acquired. This strategy could free up between $600,000 and $1,390,000 annually.

Most key performance indicators regarding cost and effectiveness of accounts payable processing are in line with national and regional peers. The only measure out of sync was the average days for processing an invoice (45 days). It was not determined if this was purposeful on behalf of the district. Often running invoice aging high is a cash flow management technique employed in private industry.

Potential Improvement Opportunities

Glimpse

Financial Services

Key Performance Indicators in Financial Services assess operational efficiency and effectiveness regarding debt service, budgeting, payroll processing, worker's compensation management, and grant management. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator as to the overall financial health of a district.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Debt Service Costs Ratio to District Revenue	0.032%	0.029%	↘	3.1%-10.6%	1.3%	Total Servicing costs divided by Total Operating Revenue
Expenditures Efficiency-Adopted Budget as a percent of actual	111%	112%	↗	93.0%-103.1%	168%	Total budgeted expenditures in the adopted budget, divided by total district operating expenditures
Expenditures Efficiency-Final Budget as percent of actual	100%	117%	↗	98.4%-106%	150%	Total budgeted expenditures in the final budget, divided by total district operating expenditures.
Revenues Efficiency-Final Budget as percent of actual	100%	113%	↗	93%-102%	117%	Total budgeted revenue in the final budget, divided by total district operating revenue.

Factors that influence performance and can steer improvements include:

- Leadership and governance
- School board and administrative policies and procedures
- Budget development and management processes
- Revenue experience, variability, and forecasts
- Expenditure trends, volatility, and projections
- Per capita income levels
- Real property values and/or local retail sales and business receipts
- Age of district infrastructure
- Monitoring and reporting systems

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Key Performance Indicators (1 of 3)

Glimpse

Financial Services

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Paychecks processed per FTE per month	514.7	599.3	↗	1,223-2,504	727.55	Total number of pay checks processed by Payroll department, divided by total number of Payroll staff (FTEs), divided by 12 months.
Payroll costs per 100K spent	$271.95	$243.32	↘	$110-$240	$179.84	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total district payroll spend over $100,000
Payroll cost per paycheck	$11.46	$9.79	↘	$2.66-$5.99	$6.76	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total number of payroll checks
Paycheck errors per 10K	38.9	100.1	↗	3.6-31.6	32.11	Total number of pay check errors, divided by total number of pay checks handled by Payroll department over 10,000
Paychecks Direct Deposit	92.4%	93.5%	↗	92.2-99.8%	96.0%	Total number of pay checks paid through direct deposit, divided by the total number of pay checks issued

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- Pay practices
- Number of annual payroll runs
- Implementation of direct deposit
- Level of automation
- Departmental and individual employee responsibilities and competencies
- Performance management systems

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Workers' Compensation Cost per $100K Payroll Spend	**$921.25**	**$514.72**	↘	$545-$1,192	$737.03	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fiscal year, divided by total payroll outlays over $100,000.
Workers' Compensation Cost per Employee	**$552.41**	**$325.19**	↘	$213-$486	$349.11	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fscal year, divided by total number of district employees
Grant Funds as Percent of Total Budget	**0.56%**	**0.17%**	↘	9.6%-16.8%	6.09%	Total grant funds expenditures, divided by total district operating revenue
Grant-Funded Staff as Percent of District FTEs	**13.1%**	**18.7%**	↗	7.3%-13.3%	14.07%	Number of grant-funded staff (FTEs), divided by total number of district employees (FTEs)
Days to Access New Grant Funds	**30**	**30**	→	20-45	24.8	Total aggregate number of days that passed after new grant award notifcation dates to the frst expenditure date, divided by the total number of new grant awards in the fscal year

Factors that influence performance and can steer improvements include:

- Existing policies and procedures to help prevent injuries
- An organization's overall worker's compensation claim history - number of claims and severity of claims
- Size of district's payroll and staff member classification
- Effective claim management
- Grant seeking tied to district's strategic plan
- Knowledge of available grants
- Availability of resources required to pursue grants
- District competitive attributes to meet grant criteria in comparison to peers
- Grant writing experience

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** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (3 of 3)

Glimpse

Debt service cost ratio as compared to district revenue is significantly better than both national and regional peers.

Budgeting effectiveness, as measured by both expenditure and revenue forecast as a percentage of actual spend/receipt, was better than the median performance of regional peers and slightly higher than the performance range of national peers.

Payroll cost as normalized per $100K spent and per paycheck is higher than both national and regional peers. Actual payroll processing costs have been near the same over the last two years. The performance measures are trending lower year over year due to an increase in annual processed paychecks from 6,176 to 7,191. One factor contributing to the cost of payroll processing is the rather low participation by employees in having their paychecks direct deposited, with only 93.5% of employees currently participating in the program. This is lower than the regional peer median of 96% and the national "best in class" level of 99.8%. While increasing direct deposit should reduce the workload on payroll processing, a deeper look at process efficiency and use of technology should also be considered to determine other opportunities for improvement.

Worker's compensation performance indicators were all positive, showing that the district is beating the median performance of regional peers and is within or is slightly higher than the national peer range.

The district should pursue more competitive grants, thus increasing the amount won each year. If performance were at the median level of regional peers, the district would see an increase in revenue of approximately $2.7 million. Care should be taken, though, to not over-invest grant funds in the addition of staff members. While the district's overall pursuit of competitive grants is low, the number of staff members funded by grants is approximately 4.7 to 5.7% higher than national or regional peers.

Potential Improvement Opportunities

Glimpse

Non-Instructional Performance Review

Appendix: Supporting Data

Columbus Municipal School District

Source	Requested Data	2018-19	2019-2020
Transportation	Annual Transportation Operational Costs	$ 2,842,532.54	$ 2,406,483.65
Transportation	Average number of students transported daily	1710	1881
Transportation	Average number of Miles Driven Daily	643500	666900
Transportation	Regular Education Route Buses In Operation	57	57
Transportation	Special Education Route Buses in Operation	8	8
Transportation	Spare Route Buses	4	4
Transportation	Spare SPED Buses	2	1
Transportation	Number of Bus Mechanics	2	2
General District	Total Number of Schools within System	9	9
Finance	Total district operating expenditures	$ 39,239,129.77	$ 43,218,172.99
General District	Number of School Days Annually	180	180

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Operations	Annual Maintenance Costs Overall	$ 2,188,618.80	$ 3,870,011.00
Operations	Annual Custodial Costs Overall	$ 931,021.50	$ 1,015,005.93
Operations	Annual Custodial Supply Costs	$ 80,401.49	$ 83,914.59
Operations	Total Square Feet Maintained By District	894641	894641
Operations	Number of MaintenanceTechnicians/Tradesmen Employed byDistrict (FTE)	7	11
Operations	Square Acre per LandscapeTechnician**	54.95	54.95
Operations	Number of Custodians Employed byDistrict (FTE)	29	31
Operations	Operations as a Percentage of overallDistrict Expense	8.0%	11.3%
Operations	Average Number of Days to Complete aMaintenance Work Order	3	3
General District	Total Number of Students Enrolled	3565	3424
Operations	Total Utility Costs (including electricity, heating fuel, water, sewer)	$ 955,541.58	$ 986,038.10
Operations	Total Electricity Usage (in KW)	3852679	6475097
Operations	Total Heating Fuel Usage (in kBTU)	37935	128184
Operations	Total Water Usage (in gallons)	471560.45	1110072
Finance	Total district operating expenditures	$ 39,239,129.77	$ 43,218,172.99

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Child Nutrition	Total meal equivalents served annually	1024318	735436
Child Nutrition	Total annual labor hours	69447.32	65543
Child Nutrition	Total annual revenue	$ 3,564,458.77	$ 2,686,852.94
Child Nutrition	Annual fund balance	$ 1,664,321.41	$ 1,669,552.16
Child Nutrition	Total value of USDA Commodities	$ 190,290.00	$ 198,464.00
Child Nutrition	Total annual food costs	$ 975,085.87	$ 841,512.33
Child Nutrition	Total annual labor costs	$ 1,404,203.70	$ 1,601,809.51
Child Nutrition	Total annual direct costs	$ 2,838,902.54	$ 2,831,250.41
Child Nutrition	Breakfast participation rates	0.74	0.7
Child Nutrition	Lunch participation rates	0.8	0.75
General District	Total Number of Students Enrolled	3565	3424
General District	Number of School Days Annually	180	180

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Information Technology	Total IT staffing costs	$ 347,248.96	$ 365,875.39
Information Technology	Total IT hardware, systems and service costs	$ 553,473.73	$ 1,094,441.16
Information Technology	Business Systems Costs	$ 26,500.00	$ 26,500.00
Information Technology	Instructional Systems Cost	$ 384,902.41	$ 539,664.45
Information Technology	IT Spending-Capital Investment	$ 403,992.60	$ 363,148.00
Information Technology	Total annual support/incident tickets	1269	851
Information Technology	Average Number of Days Support/incident tickets remain open	36	57
Information Technology	Total available bandwidth (in Mbit/s)	800000	800000
Information Technology	Average Age of Computers	3.85	3.88
Information Technology	Network days usage exceeded 75% of capacity	0	0
General District	Total Number of Students Enrolled	3565	3424
General District	Total Number of School Personnel (FTE)	434	458
Finance	Total district operating expenditures	$39,239,129.77	$43,218,172.99
General District	Total Number of Teachers (FTE)	227	232

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Human Resources	Annual Human Resource Costs Overall	$ 130,749.01	$ 186,931.57
Human Resources	Number of HR Department Staff	2	2
Human Resources	Total Number of Overall Staff Separations (FTE)	93	113
Human Resources	Total Number of Teacher Separations (FTE)	60	69
Human Resources	Total Number of Employee Discrimination Complaints	1	1
Human Resources	Total Number of Employee Misconduct Investigations	2	2
Human Resources	Human Resources as a Percentage of overall District Expense	1.0%	1.0%
Human Resources	Total Number of School Personnel (FTE)	434	458
Finance	Total district operating revenue	$40,427,406.93	$41,263,682.83

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Procurement Dept. Costs	NA	NA
Finance	Total Procurement Staff	NA	NA
Finance	Total Procurement staff with professional certification	NA	NA
Finance	Total # PO's/fiscal year (exclude P-card &construction)	3904	2824
Finance	Total P-card Transactions	$ 1,981.66	$ 1,952.38
Finance	Total construction Transactions	$ 14,900.00	$ 909,488.29
Finance	Total amount of procurement outlay	$ 12,451,983.90	$ 13,948,400.37
Finance	Total savings from invitations for bids, request for proposals & informal solicitations	NA	NA
Finance	Average # days to administer invitations to bid	NA	NA
Finance	Total purchasing through competitive procurement	0	0
Finance	Total spent under cooperative agreements	0	0
Finance	Total district warehouse operating expenses	0	0
Finance	Total value sales/issues from district warehouse	0	0
Finance	Total district operating revenue	$ 40,427,406.93	$ 41,263,682.83

Provided Performance Data (1 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Accounts Payable Dept. Costs	$ 74,227.70	$ 74,189.09
Finance	Total AP staff	1	1
Finance	Total # invoices processed	6575	6344
Finance	Average #days to process invoice	45	45
Finance	Total # AP payments	2232	1980
Finance	Total # AP payments past due	0	0
Finance	Total # AP payments voided	129	33

Provided Performance Data (2 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total # Staff in Financial Dept.	4	4
Finance	Total # Directors/Managers	1	1
Finance	Total # Secretaries/AdminAssistants	0	0
Finance	Total # Staff in Payroll Dept.	1	1
Finance	Total Payroll Dept. costs	$ 70,772.32	$ 70,405.62
Finance	Total District Payroll	$ 26,023,872.73	$ 28,935,092.71
Finance	# paychecks processed	6176	7191
Finance	Total # paycheck errors	24	72
Finance	Total # paychecks direct deposit	5705	6722

Provided Performance Data (1 of 3)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Debt Principal	$ 2,667,330.51	$ 2,693,349.76
Finance	Total Debt Servicing costs	$ 12,788.88	$ 12,158.05
Finance	Total fund balance	$ 56,264,223.45	$ 57,648,360.34
Finance	Total budgeted expenditures	$ 43,380,440.31	$ 48,228,088.81
Finance	Total district operating expenditures	$ 39,239,129.77	$ 43,218,172.99
Finance	Total budgeted revenue	$ 42,230,424.55	$ 46,665,866.67
Finance	Total district operating revenue	$ 40,427,406.93	$ 41,263,682.83
Finance	Total budgeted expenditures in final budget	$ 39,239,129.77	$ 50,601,582.18
Finance	Total budgeted revenue in final budget	$ 40,427,406.93	$ 46,817,285.48
Finance	Total liability premiums, claims & admin costs	238543.72	282334.00
Finance	# liability claims filed	Not Provided	Not Provided

Provided Performance Data (2 of 3)

Glimpse

Financial Services

Source	Requested Data	2018-19	2019-2020
Finance	# liability claims litigated	Not Provided	Not Provided
Finance	Total workers' comp.premium, claims & admin costs	$ 239,746.00	$ 148,935.00
Finance	Total Workers' comp claims filed	40.00	30.00
Finance	Total lost days for all workers' comp claims	Not Tracked	Not Tracked
Finance	Total workplace accidents reported	40.00	30.00
Finance	Total grant fund expenditures	$ 4,691,532.18	$ 6,673,748,342.00
Finance	Number of grant funded staff	56.80	85.45
Finance	Total grant funds returned	$ 281,779.33	$ 285,607.03
Finance	Total grant funds expenditures from competitive grants	$ 227,260.57	$ 68,827.43
Finance	Average days to access grant funds	30.00	30.00
Finance	Average days to process grant receivable invoices	30.00	30.00
General District	Total Number of School Personnel (FTE)	434.00	458.00

Provided Performance Data (3 of 3)

Glimpse

GlimpseK12 is providing this report based on data and extrapolated information provided by the school district at the time of the report. GlimpseK12 does not independently verify the data or information provided to them from the district or its programs. If the district chooses to provide additional data or information, GlimpseK12 reserves the right to amend the report.

All decisions made by Hinds County School District in respect to the contents of this report are understood to be the sole responsibility of Hinds County School District. Additionally, GlimpseK12 shall be indemnified and held harmless, nor should any contents in this report be interpreted as legal advice or opinion. GlimpseK12 does not and will not in the future perform any management functions for Hinds County School District.

This report is solely intended to be a resource guide for Hinds County School District.

Limitations

Glimpse

GlimpseK12 conducted a performance audit of three Mississippi school districts for the Mississippi Office of the State Auditor, one district of which was Hinds County Schools District (HCSD). Throughout the performance audit, district leaders and personnel were forthcoming with data, accessible upon request, and overall interested in potential opportunities for improvement that may be identified. During the initial startup meeting with HCSD, it was determined they have had consistent leadership in the Superintendent position for the last several years but have had turnover in executive leadership within the district office. Interviews revealed a consistent plan and tracking related to instruction. Operations have undergone the most change with leadership. While a focus on raising student achievement was evident from interviews with the Superintendent and curriculum leaders, it was noted that COVID-19 potentially impacted expected improvements that could have been reflected on the system report card issued had 2019-20 completed in normal fashion. Non-instructional activities are different for HCSD than other districts in the performance audit due primarily to the geographic area encompassed by the district.

Demographically, HCSD has a student enrollment of approximately 5,450. HCSD has an annual revenue of just under $65,000,000, from which they served 10 schools operating with approximately 597 employees led by 13 executive-level leaders in the district office. The annual cost of the executive leadership positions is approximately $1,263,832 (FY20) which represents 1.95% of total revenue. HCSD has placed a focus on improving the overall district report card score as issued by the Mississippi Department of Education.

The outcomes of the performance audit for HCSD resulted in an identified opportunity of ineffective spending reduction in the range of $2,367,500 to $3,715,200. To maximize the district's return on investment, this report provides the key metrics used to determine the potential opportunities, descriptions of key performance drivers, and next steps HCSD should undertake to recapture the ineffective spending and increase overall performance both instructionally and operationally. A breakdown of relevant findings and their associated opportunities is provided by performance area on the following pages.

Hinds County School District

Glimpse

Digital Resources and Learning

- HCSD invested $6,253,490 in digital devices in FY18. They spend, on average, approximately $265,000 annually on digital programs from the district office. Schools are also allowed to make additional digital resource purchases to meet specific needs.
- HCSD transitioned to Curriculum Associates I-Ready program to deliver diagnostic assessments and supplemental digital instruction in FY20.
- During the 2019-20 school year, subtracting school closure time due to COVID-19, HCSD had a non-utilization rate of the I-Ready program at approximately 62% based on the programs recommended minimum effective usage.
  - The nonusers and partial users accounted for just under $98,000.00 in ineffective spending due to non-utilization.

Transportation Services

- HCSD sub-contracts its transportation services. Overall cost reduced by 4.6% between 2018-19 and 2019-20 but appears to be a result of reducing the number of schools from 11 to 10, rather than of optimizing bus routes.
- Annual cost per rider is significantly above the national peer range ($752 to $1,529) and the regional peer median ($756.47).
- The ratio of buses per school is significantly higher than that of national peers (4 to 7) and above the median for regional peers (6.61).
- The ratio of buses per mechanic is higher than that of regional peers.
  - If performance could be brought in line with peer school systems, HCSD could realize an annual savings between $750,000 and $848,000.

Hinds County School District

Glimpse

Maintenance and Operations

- Operations costs rose by 1.6% ($78,118) from the 2018-19 school year to the 2019-20 school year. This increase appears to have been primarily driven by increased maintenance costs.
- Custodial-only costs decreased by 1.7% ($15,877). Custodial workload measures are exaggerated as the district employs only four Custodians. All other custodial services are sub-contracted.
- Maintenance cost per square foot is significantly higher than that of national and regional peers. Maintenance and Operations costs are higher than regional peers, yet below national peers.
  - If Maintenance and Operations costs were brought in line with regional peer performance, the district could reduce costs by $684,000 to $999,800 annually.

Nutrition Services

- At first glance, it appears that Nutrition Services performance is either in line or better than both national and regional peers regarding student participation and cost. A deeper look reveals there may be some issues with the supplied performance data.
- It was reported that both breakfast participation (43%) and lunch participation (80%) rates were equal in both the 2018-19 school year and the 2019-20 school year. This seems to be unlikely as the district was reporting a slight rise in overall student head count school year over school year (by approximately 74 students) and the total meal equivalent served appears to be running approximately 25.6% lower than the previous year.
- While the district's ability to provide data may have been negatively impacted by the onset of the COVID-19 pandemic, the district should do some due diligence to ensure performance levels are accurate and in line with peer performance.

Technology

- Technology spending as a percentage of the overall district budget has increased year over year, bringing the district closer in line with technology spending of both national and regional peers. Unlike other cost measures, technology costs are often investments in the delivery of service to students and staff.
- While the district has significantly increased the number of devices being supported, Technology staffing levels have remained the same.

Hinds County School District

Glimpse

Human Resources

- When reviewing human resources costs, cost per $100K of revenue ($294.54) is significantly below both national and regional peers, yet when reviewing cost per district staff member, the cost is slightly higher than that of regional peers. This anomaly often occurs in school districts with small employee populations (HCSD has approximately 597 employees) and is not a reflection of cost control performance.
- While the employee separation rate has improved (reducing by a little over half from 46% to 24%) over the last two school years, it remains significantly higher than both national and regional peers. Substantial progress was made specifically in reducing teacher separations.

Supply Chain

- HCSD does not have dedicated Purchasing/Procurement staff. Purchasing (including bidding) is handled at the school or department level. A "bid" book is kept in the Finance department to consolidate information regarding purchasing throughout the district.
- The district would benefit from standardizing bid templates, measuring procurement effectiveness, and increasing competitive bidding. Through standardizing, measuring, and increasing competitive bidding, the district could see a reduction of 5 to 20% in overall cost of goods and services.

Financial Services

- Expenditure efficiency as measured by comparing the adopted budget as a percentage of actual outcomes was significantly higher than both national and regional peers over the two school year periods reviewed. When comparing the final budget as a percentage of the actual budget, the district was still significantly higher than national peers but in line with the regional peer median. These measures highlight a need for the district to further review the current budget development and management process to determine how the process could be improved.
- Several payroll processing measures were higher than both national and regional peers. The payroll process would also benefit from a deeper review to identify opportunities for improvement.
- There is potential to optimize the district's current worker's compensation claim management process. Bringing worker's compensation claim costs in line with peer districts could save the district approximately $70,000 annually.

Hinds County School District

Glimpse

Key Performance Indicators for Central Office Administrative positions point to elements that influence service levels and district leadership. The primary purpose of Executive Leadership in a school district is to support the mission and objectives of the school district. The activities performed by district leaders include oversight of the instructional program, daily operations, and finances of the district as they support the staff and students in achieving the desired outcomes.

HCSD Executive Leadership Positions and Salary	
Position	**Salary**
Superintendent	$182,986.00
Assistant Superintendent Student Services	$130,423.00
Associate Superintendent of Curriculum, Instruction, & Assessment	$126,000.00
Associate Superintendent Community Relations	$120,391.00
Executive Director of Business Services (CFO)	$108,150.00
Executive Director of Facilities and Maintenance	$103,000.00
Director of Exceptional Services	$87,197.00
Director of Technology	$87,197.00
Curriculum Coordinator	$72,934.00
Human Resources Coordinator	$67,070.00
Coordinator of State and Federal Programs	$66,802.00
EL Coordinator	$56,057.00
District Test Coordinator	$55,625.00

Total Enrollment
5364

Annual Revenue
$64,752,519

Total Executive Salary
$1,263,832

Percentage of Revenue
1.95%

Factors that influence performance and can steer improvements include:

- District Performance
- Student Achievement
- Compliance with federal and local laws
- Adherence to state and local policy
- Enrollment
- Fiduciary Responsibility
- Ethical Standards

Hinds County School District

Glimpse

2017-2018

Product/Program	Amount
ACT, INC	$13,680.00
APPLE INC	$6,253,490.00
BLACKBOARD INC.	$33,823.18
EDGENUITY, INC	$163,490.00
EDMENTUM, INC.	$1,700.00
LEARNING A-Z, LLC	$4,007.14
MOBYMAX, LLC	$5,180.00
RENAISSANCE LEARNING	$59,324.04
ROSETTA STONE, LTD	$13,500.00
SCHOOLSTATUS, LLC	$24,400.00
Grand Total	**$6,572,944.36**

2018-2019

Product/Program	Amount
ACT, INC	$6,966.00
APPLE INC	$83,345.10
BLACKBOARD INC.	$17,249.82
CURRICULUM ASSOCIATE	$23,400.36
EDGENUITY, INC	$79,900.00
EDMENTUM, INC.	$3,420.00
LEARNING A-Z, LLC	$1,678.90
RENAISSANCE LEARNING	$30,617.21
ROSETTA STONE, LTD	$6,750.00
SCHOOLSTATUS, LLC	$12,200.00
Grand Total	**$266,445.52**

2019-2020

Product/Program	Amount
ACT, INC	$45,459.50
APPLE INC	$17,531.85
BLACKBOARD INC.	$17,465.43
CURRICULUM ASSOCIATE	$129,843.45
EDGENUITY, INC	$30,250.00
LEARNING A-Z, LLC	$1,499.05
RENAISSANCE LEARNING	$7,018.60
SCHOOLSTATUS, LLC	$12,200.00
Grand Total	**$261,267.88**

HCSD made a significant investment in digital learning devices in the 2017-2018 school year. Accounting for this investment, HCSD spent $319,454.36 on instructional and/or student reporting software in FY18. The cost for the same in FY19 reduced to $266,445.52, primarily due to paying only renewals and eliminating or reducing other programs.
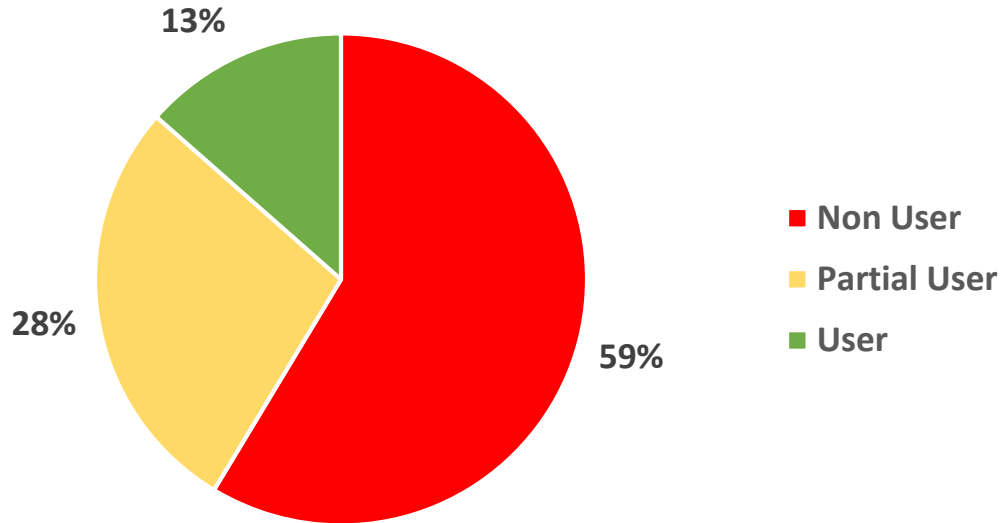
Digital Devices & Programs

Glimpse

I-Ready ELA Utilization 2019-20

13%

28%

59%

- Non User
- Partial User
- User

I-Ready Math Utilization 2019-20

10%

26%

64%

- Non User
- Partial User
- User
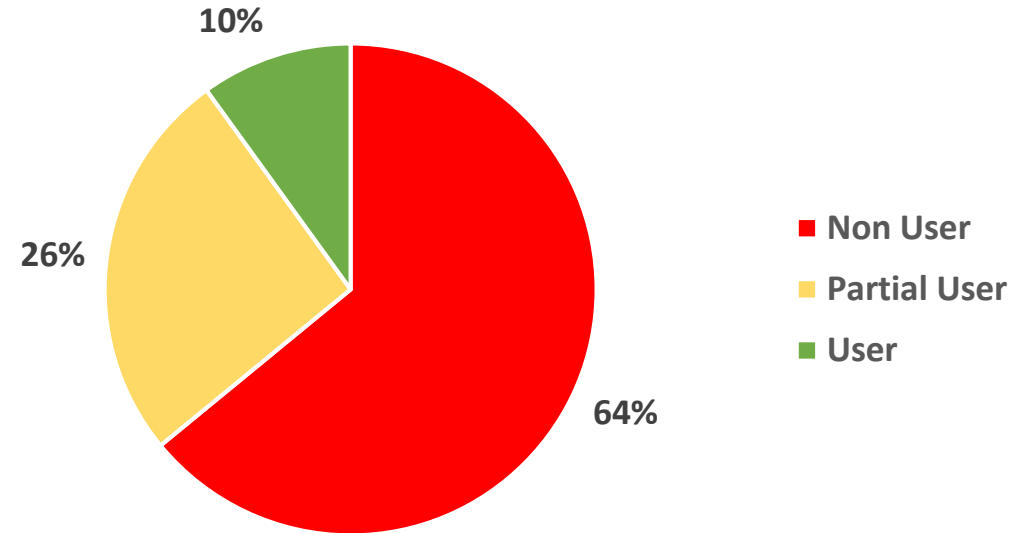
In 2019-20, I-Ready Math Utilization and I-Ready Reading Utilization resulted in $97,380.73 of ineffective spending calculated by the number of students not meeting the required minimum effective dosage of 45 minutes usage/week based on 12 full weeks of instruction throughout the school year. (COVID-19 impacted instructional weeks.)

36.88% of Math students and 39.97% of ELA students reached or passed the benchmark level by end of year when using the I-Ready mid-year score. Students classified as users were too small to determine significance of benchmark ability.

Digital Resource Usage

Glimpse

Program Utilization Edgenuity

2018-2019	
Completed	575
Active Enroll	793
Total Enroll	2372

2019-2020	
Completed	433
Active Enroll	438
Total Enroll	1436

2020-2021	
Completed	0
Active Enroll	49
Total Enroll	54

HCSD utilizes Edgenuity for 6th to 12th grade Mississippi core courses to facilitate students in earning course credits in traditional and non-traditional delivery methods. Students may continue course completion beyond the bounds of the academic calendar to ensure progress toward graduation requirements. HCSD pays $30,250 in 2020-21, which represents a year over year reduction from 2018-19 ($163,490) and 2019-20 ($79,900). HCSD should continue to monitor usage or lack thereof so they may lower the licensing cost to match actual need.

Digital Resource Usage

Glimpse

HCSD made a significant investment in instructional technology devices and network infrastructure in the 2018-19 school year. STAR Early Literacy and I-Ready is utilized to administer universal screener diagnostics. Additionally, students have access to I-Ready instructional activities for ELA and Math, grades 6th to 12th use Edgenuity to earn course credits, and the district uses SAAVAS, formerly Pearson, for digital curriculum.

HCS would be well served to:

- Implement an accountability process related to teacher and student usage of the I-Ready digital program
- Develop a process for ensuring compliance with the intended usage strategy
- Systematically measure the impact of digital usage as it relates to the diagnostic and summative assessments of students
- Competitively utilize Edgenuity for course completion in a more specific model (2020-21 indicates this may now be the case)

In the absence of the above opportunities, HCSD should seek to revise the number of students served to match current usage rates. This will either maximize the expenditure ROI or minimize the non-usage cost of $97,380.73.

Additionally, HCSD allows school-based decisions on additional digital resources. While this is a common practice across school districts, it should be well-monitored to ensure schools are not purchasing duplicative digital tools to be used in place of district initiatives.

Student Grade Correlations

Glimpse

Non-Instructional Performance Review

Hinds County School District

December 2020

Glimpse

Transportation Services

Key Performance Indicators for Transportation Services point to elements that influence service levels and cost efficiency. Some indicators are comprehensive in nature, such as Cost per Mile and Transportation Cost per Rider, while other indicators pinpoint exact inefficiencies and excessive expenses. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Transportation as a Percentage of the Total District Expense	8%	9%	↗	4-6%	4.40%	A point of reference illustrating the general size of the transportation operation as a function of the district
Average Annual Cost per Bus Overall	$43,120.88	$43,797.75	↗	$48,683-$72,698	$41,230.39	Total direct transportation costs plus total indirect transportation costs, divided by total number of buses
Annual Cost per Rider	$1,293.63	$1,234.30	↘	$752-$1529	$756.47	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by number of riders
Annual Cost per Mile	$2.66	$2.68	↗	$3.96-$5.70	$4.55	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by total miles operated
% of Spare Buses	11%	12%	↗	9%-15%	15.00%	Total spare buses divided by total scheduled for daily routes
Ratio of Buses per School	9.00	9.30	↗	4-7	6.61	Total number of buses divided by total number of schools within the district
Ratio of Buses per Mechanic	33.00	31.00	↘		26.38	Total number of maintenance staff divided by the total number of buses

Factors that influence performance and can steer improvements include:

- Types of transported programs served
- Bell schedule
- Effectiveness of the routing plan
- Spare bus factor needed
- Age of fleet
- Driver wage and benefit structure and labor contracts
- Maximum riding time allowed
- Earliest pickup time allowed
- Enrollment projections

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

Transportation Services

Hinds County School District sub-contracts transportation services. Overall Transportation Services expenditures reduced by approximately 4.6% ($195,776) from the 2018-19 school year to the 2019-20 school year. This was achieved by reducing six regular route buses and decreasing total annual miles from 8,592 to 8,134. This appears to have been the result of the district reducing the overall number of schools from 11 to 10 and not of optimizing bus routes.

While costs have reduced, overall transportation costs as a percentage of total district expense is still significantly above both the national peer range (4 to 6%) and the regional peer median (4.4%). Other performance indicators (as follows) also point to a potential opportunity to optimize transportation routes:

- Annual cost per rider is significantly above the national peer range ($752 to $1,529) and the regional peer median ($756.47)
- Ratio of buses per school is significantly higher than that of national peers (4 to 7) and above the regional peer median (6.61)
- Ratio of buses per mechanic is higher than that of regional peers

A detailed review of existing bus routes should take place to evaluate the possibility of further reducing the number of daily route buses to reduce costs. When evaluating routes and the number of buses needed, the district should also review school bell schedules to determine if schedule standardization and possibly splitting the start times of the high school and middle schools could allow time for buses to service multiple schools through route tiering (one bus with staggered routes, allowing them to service multiple locations) or by "domino" routing techniques (one bus picking up students for/from multiple schools). Other adjustments that may be considered would be the length of the allowed ride time and the earliest/latest rider pick-up/drop-off allowed.

If performance could be brought in line with peer school systems, HCSD could realize an annual savings between $750,000 and $848,000.

Potential Improvement Opportunities (1 of 2)

Glimpse

Key performance indicators also revealed that the district had only ten regular route spare buses. This is approximately 12% of the current fleet. Most school systems will experience service issues if their spare bus fleet drops below 15%. The district should review to determine if the low number of spare buses is negatively impacting services throughout the year. If a negative impact is occurring, the district may find it beneficial to add a few spare buses (2 to 3).

Potential Improvement Opportunities (2 of 2)

Glimpse

Operations

Key Performance Indicators in Operations assess the cost efficiency and service levels of a district's facilities management and labor. Areas of focus include custodial, maintenance, and energy management activities. These indicators should give district leaders a general sense of both where they are doing well and where they can improve. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Operations as a Percentage of overall District Expense	11.0%	12.0%	↗	6%-13.8%	6.50%	A point of reference illustrating the general size of the operations department as a function of the district
Average Square Feet per Student	169.88	168.53	↘	160 - 190	166.81	Total square fotage of all facilities within the district divided by total number of students
Custodial cost per square foot	$0.99	$0.97	↘	$1.20-$2.28	$1.10	Total cost of district-operated custodial work plus total cost of contract-operated custodial work, divided by total square footage
Custodial cost per student	$168.80	$163.63	↘	$239-$427	$214.35	Total custodial work costs (contractor and district operated), divided by total student enrollment.
Custodial workload (Square Footage per Custodian)	183,815	231,054	↗	22,446-30,552	41,372	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district custodial field staff.
Custodial Supply Cost per Square Foot	Data Not Available	Data Not Available	→	$0.07-$0.14	$0.20	Total custodial supply cost divided by total square footage of all buildings.

Custodial Services - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Size of schools
- Space usage rates
- Number of employees
- Scope of duties assigned to Custodians
- Work schedule assigned to Custodians
- Custodian cleaning methods
- Custodial cleaning equipment supplied
- Custodial cleanliness expectations/requirements

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Maintenance Cost per Square Foot	$4.27	$4.34	↗	$0.99-$1.32	$2.18	Cost of maintenance work divided by total square footage of all buildings.
Maintenance and Operations cost per student	$724.67	$732.03	↗	$837-$1,710	$607.18	Total custodial costs plus total grounds work costs plus total routine maintenance costs plus total major maintenance/ minor renovations costs plus total major rehab/ renovations divided by enrollment.
Maintenance workload (Square Footage per Maintenance Tech)	76,590	102,691	↗		178,716	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district Maintenance Technicians/Tradesmen.
Average Number of Days to Complete a Maintenance Work Order	5	3	↘	5-29	10	Total aggregate number of days to complete all work orders, divided by total number of work orders.
Square Acre per Landscape Technician	Not tracked	Not tracked	→		91.21	Total acreage of maintained property divided by total number of Landscape Technicians

Maintenance - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Age of infrastructure
- Number of employees
- Management effectiveness
- Automated work order tracking
- Existence of work-flow management process
- Experience of Maintenance staff
- Training of Custodial staff to assist in auxiliary support (i.e., maintenance and lawn care)
- Deferred maintenance backlog

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Utility Costs per Square Foot	$1.40	$1.30	↘	$1.14-$1.59	$1.47	Total utility costs divided by total square footage of all non-vacant buildings.
Electricity Usage per Square Foot (in KW)	Not provided	Not provided	→			Total electricity usage (in kWh), divided by total square footage of all non-vacant buildings.
Heating Fuel Usage per Square Foot (in kBTU)	Not provided	Not provided	→	0.1-32.2		Total heating fuel usage (in kBTU), divided by total square footage of all non-vacant buildings.
Water Usage per Square Foot (in gallons)	Not provided	Not provided	→	8.3-16.3		Total water usage (in gallons), divided by total square footage of all non-vacant buildings.

Energy Management - Factors that influence performance and can steer improvements include:

- Overall number of students and staff
- Student and staff density per facility
- Size and age of school facilities
- Student and staff day-to-day behaviors
- Number of non-district supplied appliances in use
- Speed of leak/drip identification and repair
- Implementation of energy efficient lighting, appliances, and HVAC
- Implementation of water efficient faucets and toilets

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (3 of 3)

Glimpse

Operations costs rose by 1.6% ($78,118) from the 2018-19 school year to the 2019-2020 school year. This increase appears to have been primarily driven by increased maintenance costs.

Custodial-only costs decreased by 1.7% ($15,877). Custodial workload measures are exaggerated as the district employs only four Custodians. All other custodial services are sub-contracted. The district was unable to break out custodial supply costs from other costs. Overall, custodial costs are significantly below both national and regional peer performance.

Maintenance cost per square foot is significantly higher than national and regional peers. Maintenance and Operations costs are higher than regional peers, yet below the performance of national peers. If Maintenance and Operations costs were brought in line with regional peer performance, the district could reduce costs by $684,000 to $999,800 annually. A deeper look into Operations is recommended to understand where inefficiencies or ineffectiveness measures could be improved to drive the above-noted savings.

Utility costs per square foot have reduced year over year and are below both national and regional peers. The district could not provide detailed usage information for electricity, heating fuel, and water usage.

We recommend tracking detailed usage information for electricity, heating fuel, and water usage at the overall district level and at each school campus. This information can be used to drive future improvements and to pinpoint potential issues (e.g., water leaks) early on.

Potential Improvement Opportunities

Glimpse

Key Performance Indicators in Nutrition Services include measures of productivity, broadly measured in Meals per Labor Hour, cost efficiency as determined by food and labor costs per revenue, and service levels as measured by meal participation rates. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Breakfast participation rates	43%	43%	→	29.3%-52.5%	37.00%	Total breakfast meals served, divided by total district student enrollment times the number of school days in a year.
Lunch participation rates	80%	80%	→	54.2%-78.6%	68%	Total lunch meals served, divided by total distict student enrollment times the number of school days in a year.
Cost per meal	$2.34	$2.72	↗	$3.15-$3.80	$3.64	Total costs of the food service program divided by the total meals equivalent served annually.
Food costs per meal	$1.38	$1.52	↗	$1.44-$1.82	$1.49	Total food costs, divided by the total meals equivalent served annually.
Fund balance as percent of revenue	47.3%	61.2%	↗	11.2%-38.9%	50.00%	Fund balance divided by total revenue
Food costs as a percent of revenue	40.0%	42.9%	↗	38.4%-46.7%	38.6%	Total food costs divided by total revenue
Labor costs as percent of revenue	25.3%	30.8%	↗	37.8%-47.5%	45.0%	Total labor costs divided by total revenue
USDA Commodities percent of total revenue	7.5%	10.3%	↗	5.8%-6.6%	5.9%	Total value of commodities received divided by total revenue
Meals Per Labor Hour	12.3	9.2	↘	13.6-18.8	13.7	Annual meal equivalents divided by the average daily labor hours annually.

Factors that influence performance and can steer improvements include:

- Menu selections
- Provision II and III and Universal Free
- Free/Reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat
- School opening procedures
- Timing of morning student arrival
- Participation in after school programs, supper programs, and summer feeding

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

At first glance, it appears that Nutrition Services performance is either in line or better than both national and regional peers regarding student participation and cost. A deeper look reveals there may be some issues with the supplied performance data. For instance, it was reported that both breakfast participation (43%) and lunch participation (80%) rates were equal in both the 2018-19 school year and the 2019-20 school year. This seems to be unlikely as the district was reporting a slight rise in overall student head count school year over school year (approximately 74 students) and the total meal equivalent served appears to be running approximately 25.6% lower than the previous year. Also, while labor rates per meal appear to be in line with peers, the number of Meals per Labor Hour (MPLH) is very low compared to peers and has declined school year over school year. It would be very difficult for labor costs to be in line when the MPLH number is significantly lower than national and regional peers.

While the district's ability to provide data may have been negatively impacted by the onset of the COVID-19 pandemic, the district should do some due diligence to ensure performance levels are accurate and in line with peer performance. The district would benefit from reaching out to both students that participate and those that do not to determine their current view of food quality and service factors. This information may be helpful in driving up participation levels.

If it is determined that the provided MPLH number is accurate, the district should take a deeper review to determine if this is a temporary issue related to COVID-19 restrictions or if there is potential for this being a longer-term program structural issue. If it is determined that the issue is long-term in nature, the district should take action to improve MPLH performance. The district should review the current staffing levels by school to determine what participation rates should be to increase MPLH to meet peer performance. The district should develop strategy around driving up participation to meet current staffing levels or consider reducing staffing levels through natural attrition (i.e., choosing not to replace retirees or other individuals that leave employment from Nutrition Services over the upcoming year).

Potential Improvement Opportunities

Glimpse

Technology

Key Performance Indicators in Technology assess the productivity, cost efficiency, and service levels of the Technology department. As more districts employee technology to deliver and aide in student instruction, focus should be on the effective deployment and maintenance of technology versus on reducing expenditures. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Key Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
IT Spending as percent of District Budget	1.3%	1.6%	↗	1.77%-2.83%	1.7%	Total IT staffing, hardware, systems and service costs divided by total district operating budget.
Average Age of Computers	7.50	1.50	↘	3.19-4.01	3.33	Weighted average (number of 1 year old computers, plus 2 year old x 2, plus 3 year old x 3, plus 4 year old x 4, plus 5 year and older x 5)
Devices per employee	0.75	0.70	↘	0.97-1.63	1.1	Total number of employee laptops and desktops divided by the total number of district employees
Devices per student	0.58	1.04	↗	0.79-1.07	0.77	Total number of desktops, laptops and tablets that are for student use only or mixed-use divided by total stuent enrollment
IT Spending per student	$126.62	$137.78	↗	$196-$324	$159.33	Total IT staffing, hardware, systems and service costs divided by total student enrollment

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 2)

Glimpse

Key Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Network-Bandwidth per Student	**148**	**146**	↘	79.6-223	156	Total standard available bandwidth divided by total student enrollment
Network days usage exceeded 75% of capacity	**0.00**	**0.00**	→	3-100	49	Number of days that peak daily internet usage reaches more than 75% of standard available bandwidth for 5 minutes or longer.
Advanced-presentation Devices per teacher	**0.33**	**0.52**	↗	1.67-2.50	1.83	Total number of devices (video/data projectors/document cameras/whiteboards, etc.) divided by total number of teachers
Devices per IT Staff	**712**	**1228**	↗		617.32	Total student and employee devices (excluding presentation devices) divided by total number of IT staff FTEs.

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

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Key Performance Indicators (2 of 2)

Glimpse

Technology spending as a percentage of the overall district budget has increased year over year, bringing the district closer in line with technology spending by both national and regional peers. Unlike other cost measures, technology costs are often investments in the delivery of service to students and staff. Technology costs should correspond with the district's strategic plan in relationship to service needs. While technology costs have increased, overall spend per student remains below both regional and national peers.

Over the period of review, the district has greatly reduced the average age of computers from 7.50 years to 1.5 years and has increased the availability of computers for student use by adding 2,600 devices overall. The ratio of devices to students (1.04) is significantly better than the regional peer median of 0.77 and is in line with top-performing national districts. Network bandwidth per student (as measured by Mbit/s) is slightly lower than regional peers but in line with national peers.

Following the COVID-19 pandemic and the return of students full-time to schools, the district may want to review the use of advanced presentation devices (i.e., smart boards, etc.). The district's number of these devices per teacher is significantly lower than both regional and national peers.

The district should keep a close eye on Technology department staff needs. While the district has significantly increased the number of devices being supported, Technology department staffing levels have remained the same. Currently, the district is running at approximately double the number of devices per Technology staff member than regional peers. The district may need to increase support to make full use of the previously-made technology investments. This support may be in the form of contracted assistance, co-oping district employees to also serve in technology support roles, or in the actual addition of staff.

Potential Improvement Opportunities

Glimpse

Key Performance Indicators in Human Resources include district-wide effectiveness measures such as Teacher and Employee Separation Rates as well as indicators that focus more narrowly on the operation of the district's Human Resources department. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
HR Cost per $100K Revenue	$296.93	$294.54	↘	$444-$703	$356.61	Total HR department costs, divided by total district operating revenue over $100,000
HR Cost per District Staff Member	$259.82	$261.37	↗	$492-$894	$235.61	HR Department costs divided by total number of District Staff (FTEs)
Number of Employees per HR Staff Member	293	299	↗		319.06	Total number of district staff (FTEs) divided by total number of HR staff.
Overall Employee Separation Rate	46%	24%	↘	10.1%-15.4%	16.51%	Total number of employees that left the district divided by the total number of district employees (FTEs).
Teacher Separation Rate	37%	16%	↘	7.8%-14.0%	16%	Total number of Teachers that left the district divided by the total number of district employees (FTEs).
Employee Misconduct Investigations per 1,000 Employees	35.84	13.40	↘	5.2-38.8	8.79	Number of misconduct investigations, divided by total number of district employees (FTEs) over 1,000.
Employee Discrimination Investigations per 1,000 Employees	0.00	5.03	↗	0.65-2.01	1.54	Number of complaints/charges of discrimination filed by employees) divided by total number of district employees (FTEs) over 1,000.

Factors that influence performance and can steer improvements include:

- Human Resources role definition within the district
- Ability of existing technology to automate work
- Hiring practices
- School culture and staff supports
- Local or regional competition
- Effectiveness of recruiting efforts
- Salary and benefits offered
- Employee satisfaction and workplace environment
- Availability of skills in local labor market
- Personnel policies and practices

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

Human resources costs are typically measured by cost per $100K of revenue and cost per district staff member. When reviewing HCSD human resources costs, we find that the cost per $100K of revenue ($294.54) is significantly below both national and regional peers; yet, when reviewing cost per district staff member, the cost is slightly higher than regional peers. This anomaly often occurs in school districts with small employee populations (HCSD has approximately 597 employees) and is not a reflection of cost control performance. The same effect can be seen when comparing the number of employees per Human Resources staff member. Overall, these measures are in line with performance expectations for similarly-sized districts, especially when considering the number of employee separations and the number of misconduct/discrimination investigations that have occurred over the last two school years.

While the employee separation rate has improved (reducing by a little over half from 46% to 24%) over the last two school years, it remains significantly higher than both national and regional peers. Substantial progress was made specifically in reducing teacher separations. The teacher separation rate is still higher than national peers but is equal to the median of regional peers. HCSD should take a deeper look to understand the root causes for the high employee separation rates. There may be linkages between the high number of employee separations and the high number of employee misconduct and discrimination investigations. Regardless of any connectivity between these measures, the district should make a focused effort to bring all three (i.e., employee separations, misconduct investigations, discrimination investigations) in line with national and regional peers.

Potential Improvement Opportunities

Glimpse

Supply Chain

Key Performance Indicators in Supply Chain include an Accounts Payable (AP) focus on the cost of efficiency, productivity, and service quality of invoice processing, as well as a focus on improving efficiency and effectiveness of procurement practices. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
AP Cost per 100K revenue	$81.75	$79.30	↘	$35.5-$60.5	$115.17	Total AP department personnel costs plus AP department non-personnel costs divided by total district operating revenue over $100,000
AP Cost per invoice	$3.54	$5.61	↗	$3.68-$10.24	$19.52	Total AP department personnel costs plus AP department non-personnel costs, divided by total number of invoices handled by the AP department.
Avg Days to Process Invoices	4	10	↗	4-20.7	23.3	Aggregate number of days to process all AP invoices, divided by the total number of invoices handled by the AP department
Invoices processed per FTE per month	986.6	624.5	↘	605-1,626	531.12	Total number of invoices handled by the AP department, divided by total number of AP staff (FTEs), divided by 12 months
Invoices past due at time of payment	3%	4%	↗	2.55%-20.46%	1%	Number of invoices past due at time of payment, divided by total number of invoices handled by the AP department.
Payments voided	0.26%	0.63%	↗	.50%-1.67%	1.82%	Number of payments voided, divided by total number of AP transactions (payments)
P-card Purchasing Ratio	0.00%	0.00%	→	2.3%-10.3%	4%	Total dollar amount purchased using P-cards, divided by total procurement outlays (including P-card purchases).

Factors that influence performance and can steer improvements include:

- Administrative policies and procedures
- Level of automation
- Existing business technology systems
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Monitoring and reporting systems
- Total dollar amount of invoices paid annually
- Utilization of Purchasing Cards (P-Cards)

Key Performance Indicators (1 of 2)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Procurement Costs per 100K	$96.99	$89.38	↘	$73-$113	$74.49	Total Procurement department costs, divided by total district revenue over $100,000
Costs per PO	$19.43	$19.45	↗	$38-$111	$25.23	Total Purchasing department costs, divided by the total number of purchase orders that were processed by the Purchasing department, excluding P- card transactions and construction.
Procurement Savings Ratio	Not provided	Not provided	→	0.9%-4.7%	5%	Total savings from Invitations for Bids, Requests for Proposals and informal solicitations, divided by total procurement outlays (excluding P-cards and construction).
Competitive Procurement Ratio	Not provided	Not provided	→	46.8%-85.3%	28.73%	Total amount of purchasing that was through competitive procurements, divided by the sum of total procurement outlays, total P-card purchasing and total construction spending.
Procurement staff with professional certification	0.00	0.00	→	4.0%-38.8%	1%	Number of Purchasing department staff with a professional certificate, divided by total number of Purchasing staff (FTEs)
Warehouse Operating Expense Ratio	Not provided	Not provided	→	4.1%-24.4%	■	Total operating expenses of all measured warehouses (including school/office supplies, textbooks, food service items, facility maintenance items, and transportation maintenance items), divided by total value of all issues/sales from the warehouse(s).

Factors that influence performance and can steer improvements include:

- Procurement policies
- Utilization of blanket purchase agreements
- Number of highly complex procurements
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Level of automation

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 2)

Glimpse

Accounts payable processing performance and costs are in line with both national and regional peers.

The school district does not have dedicated Purchasing/Procurement staff. Purchasing (including bidding) is handled at the school level or department level. A "bid" book is kept in the Finance department to consolidate information regarding purchasing throughout the district. The district does not have standardized bid templates. The district does not track performance measures related to procurement effectiveness.

The district would benefit from standardizing bid templates, measuring procurement effectiveness, and increasing competitive bidding. Through standardizing, measuring, and increasing competitive bidding, the district could see a 5 to 20% reduction in overall cost of goods and services.

Potential Improvement Opportunities

Glimpse

Financial Services

Key Performance Indicators in Financial Services assess operational efficiency and effectiveness regarding debt service, budgeting, payroll processing, worker's compensation management, and grant management. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator as to the overall financial health of a district.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Debt Service Costs Ratio to District Revenue	5.02%	4.480%	↘	3.1%-10.6%	1.6%	Total Servicing costs divided by Total Operating Revenue
Expenditures Efficiency-Adopted Budget as a percent of actual	218%	241%	↗	93.0%-103.1%	168%	Total budgeted expenditures in the adopted budget, divided by total district operating expenditures
Expenditures Efficiency-Final Budget as percent of actual	128%	144%	↗	98.4%-106%	150%	Total budgeted expenditures in the final budget, divided by total district operating expenditures.
Revenues Efficiency-Final Budget as percent of actual	123%	121%	↘	93%-102%	123%	Total budgeted revenue in the final budget, divided by total district operating revenue.

Factors that influence performance and can steer improvements include:

- Leadership and governance
- School board and administrative policies and procedures
- Budget development and management processes
- Revenue experience, variability, and forecasts
- Expenditure trends, volatility, and projections
- Per capita income levels
- Real property values and/or local retail sales and business receipts
- Age of district infrastructure
- Monitoring and reporting systems

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Key Performance Indicators (1 of 3)

Glimpse

Financial Services

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Paychecks processed per FTE per month	**586.0**	**398.0**	↘	1,223-2,504	727.55	Total number of pay checks processed by Payroll department, divided by total number of Payroll staff (FTEs), divided by 12 months.
Payroll costs per 100K spent	**$201.08**	**$231.55**	↗	$110-$240	$179.84	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total district payroll spend over $100,000
Payroll cost per paycheck	**$9.41**	**$11.20**	↗	$2.66-$5.99	$6.76	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total number of payroll checks
Paycheck errors per 10K	**Not Tracked**	**Not Tracked**	→	3.6-31.6	32.11	Total number of pay check errors, divided by total number of pay checks handled by Payroll department over 10,000
Paychecks Direct Deposit	**100.0%**	**100.0%**	→	92.2-99.8%	96.00%	Total number of pay checks paid through direct deposit, divided by the total number of pay checks issued

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- Pay practices
- Number of annual payroll runs
- Implementation of direct deposit
- Level of automation
- Departmental and individual employee responsibilities and competencies
- Performance management systems

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Key Performance Indicators (2 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Workers' Compensation Cost per $100K Payroll Spend	**$775.02**	**$808.14**	↗	$545-$1,192	$737.03	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fiscal year, divided by total payroll outlays over $100,000.
Workers' Compensation Cost per Employee	**$435.44**	**$469.22**	↗	$213-$486	$349.11	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fscal year, divided by total number of district employees
Grant Funds as Percent of Total Budget	**0.47%**	**0.13%**	↘	9.6%-16.8%	6.09%	Total grant funds expenditures, divided by total district operating revenue
Grant-Funded Staff as Percent of District FTEs	**21.5%**	**21.8%**	↗	7.3%-13.3%	14.07%	Number of grant-funded staff (FTEs), divided by total number of district employees (FTEs)
Days to Access New Grant Funds	**30**	**30**	→	20-45	24.8	Total aggregate number of days that passed after new grant award notifcation dates to the frst expenditure date, divided by the total number of new grant awards in the fscal year

Factors that influence performance and can steer improvements include:

- Existing policies and procedures to help prevent injuries
- An organization's overall worker's compensation claim history - number of claims and severity of claims
- Size of district's payroll and staff member classification
- Effective claim management
- Grant seeking tied to district's strategic plan
- Knowledge of available grants
- Availability of resources required to pursue grants
- District competitive attributes to meet grant criteria in comparison to peers
- Grant writing experience

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Key Performance Indicators (3 of 3)

Glimpse

Expenditure efficiency as measured by comparing the adopted budget as a percentage of actual outcomes was significantly higher than both national and regional peers over the two school year periods reviewed. When comparing the final budget as a percentage of the actual budget, the district was still significantly higher than national peers but in line with the regional peer median. These measures highlight a need for the district to further review the current budget development and management process to determine how the process could be improved.

Several payroll processing measures were higher than both national and regional peers. The payroll process would also benefit from a deeper review to identify opportunities for improvement.

There is potential to optimize the district's current worker's compensation claim management process. Bringing worker's compensation claim costs in line with peer districts could save the district approximately $70,000 annually.

The amount of grant funds as a percentage of the total budget is significantly lower than both national and regional peers. While it is evident that the district should pursue more competitive grants, the district should also consider how grant funds are used. Currently over 21% of district FTEs are grant-funded; typically, this number should run below 14.5%.

Potential Improvement Opportunities

Glimpse

Data Source	Requested Data	2018-2019	2019-2020
Transportation	Annual Transportation Operational Costs	$ 4,268,967.00	$ 4,073,191.00
Transportation	Average number of students transported daily	3300	3300
Transportation	Average number of Miles Driven Daily	8592	8134
Transportation	Regular Education Route Buses In Operation	83	77
Transportation	Special Education Route Buses in Operation	6	6
Transportation	Spare Route Buses	10	10
Transportation	Spare SPED Buses	NA	NA
Transportation	Number of Bus Mechanics	3	3
General District	Total Number of Schools within System	11	10
Finance	Total district operating expenditures	$ 53,352,679.00	$ 47,799,253.00
General District	Number of School Days Annually	187	187

Provided Performance Data

Glimpse

Data Source	Requested Data	2018-2019	2019-2020
Operations	Annual Maintenance Costs Overall	$ 3,920,472.00	$ 4,014,468.00
Operations	Annual Custodial Costs Overall	$ 913,206.96	$ 897,329.10
Operations	Annual Custodial Supply Costs	NA	NA
Operations	Total Square Feet Maintained By District	919074	924216
Operations	Number of MaintenanceTechnicians/Tradesmen Employed byDistrict (FTE)	12	9
Operations	Square Acre per LandscapeTechnician**	NA	NA
Operations	Number of Custodians Employed byDistrict (FTE)	5	4
Operations	Operations as a Percentage of overallDistrict Expense	11.0%	12.0%
Operations	Average Number of Days to Complete aMaintenance Work Order	5	3
General District	Total Number of Students Enrolled	5410	5484
Operations	Total Utility Costs (including electricity, heating fuel, water, sewer)	$ 1,289,839.44	$ 1,203,210.07
Operations	Total Electricity Usage (in KW)	NA	NA
Operations	Total Heating Fuel Usage (in kBTU)	NA	NA
Operations	Total Water Usage (in gallons)	NA	NA
Finance	Total district operating expenditures	$ 53,352,679.00	$ 47,799,253.00

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Child Nutrition	Total meal equivalents served annually	1,221,414.00	907598
Child Nutrition	Total annual labor hours	99589	98654
Child Nutrition	Total annual revenue	$ 4,224,119.08	$ 3,218,745.27
Child Nutrition	Annual fund balance	$ 1,995,910.47	$ 1,969,475.43
Child Nutrition	Total value of USDA Commodities	$ 316,596.10	$ 330,980.71
Child Nutrition	Total annual food costs	$ 1,688,827.33	$ 1,380,054.73
Child Nutrition	Total annual labor costs	$ 1,068,207.00	$ 989,889.42
Child Nutrition	Total annual direct costs	$ 100,000.00	$ 100,000.00
Child Nutrition	Breakfast participation rates	0.43	0.43
Child Nutrition	Lunch participation rates	0.8	0.8
General District	Total Number of Students Enrolled	5410	5484
General District	Number of School Days Annually	187	187

Provided Performance Data

Glimpse

Technology

Source	Requested Data	2018-19	2019-2020
Information Technology	Total IT staffing costs	$ 405,000.00	$ 455,590.00
Information Technology	Total IT hardware, systems and service costs	$ 280,000.00	$ 300,000.00
Information Technology	Business Systems Costs	$ 134,871.45	$ 97,778.68
Information Technology	Instructional Systems Cost	$ 1,099,401.82	$ 1,111,109.68
Information Technology	IT Spending-Capital Investment	$ 50,037.89	$ 560,271.90
Information Technology	Total annual support/incident tickets	1580	1020
Information Technology	Average Number of Days Support/incident tickets remain open	4	4
Information Technology	Total available bandwidth (in Mbit/s)	800000	800000
Information Technology	Average Age of Computers	7.5	1.5
Information Technology	Network days usage exceeded 75% of capacity	0	0
General District	Total Number of Students Enrolled	5410	5484
General District	Total Number of School Personnel (FTE)	586	597
Finance	Total district operating expenditures	$ 53,352,679.00	$ 47,799,253.00
General District	Total Number of Teachers (FTE)	382	382

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Human Resources	Annual Human Resource Costs Overall	$ 152,252.51	$ 156,039.25
Human Resources	Number of HR Department Staff	2	2
Human Resources	Total Number of Overall Staff Separations (FTE)	272	143
Human Resources	Total Number of Teacher Separations (FTE)	216	93
Human Resources	Total Number of Employee Discrimination Complaints	0	3
Human Resources	Total Number of Employee Misconduct Investigations	21	8
Human Resources	Human Resources as a Percentage of overall District Expense	0.0013	0.0013
Human Resources	Total Number of School Personnel (FTE)	586	597
Finance	Total district operating revenue	$ 51,275,874.00	$ 52,976,402.00

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Supply Chain	Total Procurement Dept. Costs	$ 49,730.00	$ 47,352.77
Supply Chain	Total Procurement Staff	1	1
Supply Chain	Total Procurement staff with professional certification	0	0
Supply Chain	Total # PO's/fiscal year (exclude P-card & construction)	2560	2434
Supply Chain	Total P-card Transactions	0	0
Supply Chain	Total construction Transactions	$ 5,397,566.97	$ 10,247,901.31
Supply Chain	Total amount of procurement outlay	NA	NA
Supply Chain	Total savings from invitations for bids, request for proposals & informal solicitations	NA	NA
Supply Chain	Average # days to administer invitations to bid	10	10
Supply Chain	Total purchasing through competitive procurement	NA	NA
Supply Chain	Total spent under cooperative agreements	NA	NA
Supply Chain	Total district warehouse operating expenses	NA	NA
Supply Chain	Total value sales/issues from district warehouse	NA	NA
Finance	Total district operating revenue	$ 51,275,874.00	$ 52,976,402.00

Provided Performance Data (1 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Supply Chain	Total Accounts Payable Dept. Costs	$ 41,916.00	$ 42,012.72
Supply Chain	Total AP staff	1	1
Supply Chain	Total # invoices processed	11839	7494
Supply Chain	Average # days to process invoice	4	10
Supply Chain	Total # AP payments	11985	8039
Supply Chain	Total # AP payments past due	389	284
Supply Chain	Total # AP payments voided	31	51

Provided Performance Data (2 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Debt Principal	$ 74,945,022.41	$ 73,028,939.71
Finance	Total Debt Servicing costs	$ 2,573,068.38	$ 2,373,456.64
Finance	Total fund balance	$ 83,554,704.00	$ 82,333,415.00
Finance	Total budgeted expenditures	$ 116,321,611.00	$ 115,103,988.00
Finance	Total district operating expenditures	$ 53,352,679.00	$ 47,799,253.00
Finance	Total budgeted revenue	$ 64,758,957.00	$ 64,752,519.00
Finance	Total district operating revenue	$ 51,275,874.00	$ 52,976,402.00
Finance	Total budgeted expenditures infinal budget	$ 68,310,266.00	$ 68,680,273.00
Finance	Total liability premiums, claims &admin costs	$ 220,260.00	$ 186,949.00
Finance	# liability claims filed	4.00	15.00

Provided Performance Data (1 of 4)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total # Staff in Financial Dept.	7.00	7.00
Finance	Total # Directors/Managers	2.00	1.00
Finance	Total # Secretaries/AdminAssistants	1.00	0.00
Finance	Total # Staff in Payroll Dept.	1.00	1.50
Finance	Total Payroll Dept. costs	$ 66,203.65	$ 80,260.98
Finance	Total District Payroll	$ 32,924,341.90	$ 34,663,000.00
Finance	# paychecks processed	7032.00	7164.00
Finance	Total # paycheck errors	7032.00	7164.00
Finance	Total # paychecks direct deposit	7032.00	7164.00

Provided Performance Data (2 of 4)

Glimpse

Financial Services

Source	Requested Data	2018-19	2019-2020
Finance	Total Debt Principal	$ 74,945,022.41	$ 73,028,939.71
Finance	Total Debt Servicing costs	$ 2,573,068.38	$ 2,373,456.64
Finance	Total fund balance	$ 83,554,704.00	$ 82,333,415.00
Finance	Total budgeted expenditures	$ 116,321,611.00	$ 115,103,988.00
Finance	Total district operating expenditures	$ 53,352,679.00	$ 47,799,253.00
Finance	Total budgeted revenue	$ 64,758,957.00	$ 64,752,519.00
Finance	Total district operating revenue	$ 51,275,874.00	$ 52,976,402.00
Finance	Total budgeted expenditures in final budget	$ 68,310,266.00	$ 68,680,273.00
Finance	Total budgeted revenue in final budget	$ 63,181,393.00	$ 64,297,949.00
Finance	Total liability premiums, claims & admin costs	$ 220,260.00	$ 186,949.00
Finance	# liability claims filed	4.00	15.00

Provided Performance Data (3 of 4)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	# liability claims litigated	0.00	2.00
Finance	Total workers' comp.premium, claims & admin costs	$ 255,170.12	$ 280,126.81
Finance	Total Workers' comp claims filed	24.00	17.00
Finance	Total lost days for all workers' comp claims	182.00	197.00
Finance	Total workplace accidents reported	24.00	17.00
Finance	Total grant fund expenditures	$ 3,058,506.00	$ 3,267,598.00
Finance	Number of grant funded staff	126.00	130.00
Finance	Total grant funds returned	$ 40,358.00	$ 6,073.00
Finance	Total grant funds expenditures from competitive grants	$ 239,784.44	$ 70,061.79
Finance	Average days to access grant funds	30.00	30.00
Finance	Average days to process grant receivable invoices	45.00	45.00
General District	Total Number of School Personnel (FTE)	586.00	597.00

Provided Performance Data (4 of 4)

Glimpse

Performance Review

Starkville-Oktibbeha Consolidated School District

December 2020

Glimpse

GlimpseK12 is providing this report based on data and extrapolated information provided by the school district at the time of the report. GlimpseK12 does not independently verify the data or information provided to them from the district or its programs. If the district chooses to provide additional data or information, GlimpseK12 reserves the right to amend the report.

All decisions made by Starkville-Oktibbeha School District in respect to the contents of this report are understood to be the sole responsibility of Starkville-Oktibbeha School District. Additionally, GlimpseK12 shall be indemnified and held harmless, nor should any contents in this report be interpreted as legal advice or opinion. GlimpseK12 does not and will not in the future perform any management functions for Starkville-Oktibbeha School District.

This report is solely intended to be a resource guide for Starkville-Oktibbeha School District.

Limitations

Glimpse

GlimpseK12 conducted a performance audit of three Mississippi school districts for the Mississippi Office of State Auditor, one district of which was Starkville-Oktibbeha Consolidated School District (SOCSD). Throughout the performance audit, district leaders and personnel were forthcoming with data, accessible upon request, and overall interested in potential opportunities for improvement that may be identified. There were delays in obtaining student information system data due to program issues, but after much work by SOCSD staff, it was obtained. During the initial start-up meeting with SOCSD, it was determined they have had consistent leadership in the Superintendent position for the last few years but have only been consolidated for five years. Interviews revealed that growing and operational pains still exist from the consolidation. Instructional technology underwent a change in leadership in summer 2020 and, as a part of that, has experienced reorganizations.

Demographically, SOCSD has a student enrollment of approximately 5,000. SOCSD has an annual revenue of just over $65,000,000, from which they serve nine schools operating with approximately 900 employees led by 12 executive-level leaders in the district office. The annual cost of the executive leadership positions is approximately $1,114,543 (FY20), which represents 1.6% of total revenue. SOCSD has a current district-wide strategic plan and a district office organizational chart.

The outcomes of the performance audit for SOCSD resulted in an identified opportunity for ineffective spending reduction in the range of $3,589,029 to $5,383,500. To maximize the district's return on investment, this report provides the key metrics used to determine the potential opportunities, descriptions of key performance drivers, and next steps SOCSD should undertake to recapture the ineffective spending and increase overall performance both instructionally and operationally. A breakdown of relevant findings and their associated opportunities is provided by performance area on the following pages.

Starkville-Oktibbeha Consolidated School District

Glimpse

Digital Resources and Learning

- SOCSD invested just under $1,000,000 in FY19 and FY20 in digital devices as part of their strategic plan. On average, annual spend is approximately $300,000 on digital programs and reporting software.
- From 2018-19 to 2019-20, SOCSD made significant improvements in eliminating ineffective spending by increasing the utilization numbers for I-Ready ELA and Math instructional programs. This improvement reduced waste from $101,000 to $179,000.
- It was also determined that students classified as users of I-Ready and meeting the minimum effective usage were more likely to benchmark on diagnostics.
  - SOCSD should continue to monitor adherence to the strategic plan and fidelity of implementation of digital programs to further reduce ineffective spending.

Transportation Services

- It appears that total annual transportation operational cost (e.g., salaries, fuel, parts, etc.) was not supplied. The annual cost provided was significantly low, averaging per bus at less than $9,000. This amount would be less than the actual Bus Driver's salary. All measures related to costs are skewed and are not accurate.

- There are some indications of possible opportunities for improvement. The ratio of buses per school is significantly higher than both national and regional peers. If cost data were significantly higher than peers', this would be an indication that there may be opportunity to optimize routes.

- The current number of spare buses seems to be too low to adequately support transportation services without delays or interruptions.

Starkville-Oktibbeha Consolidated School District

Glimpse

Maintenance and Operations
- The number of square feet per student is significantly higher than both national and regional peers by a factor of almost two. It is unlikely that this total of square footage is being maintained for student daily use.
- Almost all measures not normalized by square footage appear higher than regional peers:
  - Custodial costs per student ($252.65) compared to regional peers ($214.35)
  - Maintenance costs per student ($621.58) compared to regional peers ($607.18)
- If Maintenance and Operations costs were brought in line with the previous year's cost levels as a percentage of overall budget or if the district could meet regional peer performance, the district could reduce costs by $560,000 to $1,840,000 annually.

Nutrition Services
- Cost measures appear to be trending higher year over year to exceed both national and regional peers for the 2020-21 school year. In actuality, the district's total annual cost has reduced year over year by 0.12%. The issue is that the district is currently seeing a significant reduction (24.7%) in total meal equivalents being served. This, no doubt, is being driven by the onset of the COVID-19 pandemic.
- A determination should be made to understand if this is a temporary issue related to the COVID-19 pandemic or if there is potential for this being a longer-term program structural issue that will last beyond the pandemic.

Technology
- Technology spending increased over the two-year span reviewed, rising from 0.9% of the district's overall budget to 1.5% in the 20-21 school year. Technology spending, as measured per student and as an overall percentage of district budget, is significantly below that of national and regional peers.
- The number of days that peak daily internet usage reached more than 75% of standard available bandwidth for five minutes or longer was 135 days.
- The ratio of devices per Technology staff is significantly lower than that of regional peers. The district may need to take a deeper look at technology spending in relationship to support staff versus infrastructure/hardware needs, then implement a strategy to balance the cost of these two key needs.

Starkville-Oktibbeha Consolidated School District

Glimpse

Human Resources

- The Human Resources department performs solidly as measured by the reviewed key performance indicators, with most measurements in line or better than both national and regional peers. Several indicators show improvement from year to year over the reviewed period.
- The overall employee separation rate percentage has reduced over the two-year review period, aligning with national peers and falling lower than regional peers. The teacher separation rate percentage remained consistent over the review period and is lower than the regional peer median and on the low side of the national peer range.
- Both employee misconduct and discrimination investigations have reduced year over year and are lower than both national and regional peers.

Supply Chain

- Over the last two school years, the district has only processed 630 invoices in 2018-19 and 760 invoices in 2019-20. These low numbers negatively skew the measurement of AP costs per invoice. During the same review period, the district processed 6,039 payments in 2018-19 and 3,542 payments in 2019-20. AP costs per payment would be $9.09 to $17.31, which is more in line with typical cost per invoice.
- Through standardizing, measuring, and increasing competitive bidding, the district could see a reduction of 5 to 20% in overall cost of goods and services.

Financial Services

- There are three indicators that speak to the effectiveness of the budgeting process:
  o Expenditure Efficiency – Adopted Budget as a percent of actual (194% for 2019-20 SY)
  o Expenditures Efficiency – Final Budget as a percent of actual (228% for 2019-20 SY)
  o Revenues Efficiency – Final Budget as a percent of actual (162% for 2019-20 SY)
- A best practice would be to hold the budget to actual within +/- 7%. The district would benefit from reviewing the current budget process, identifying improvement opportunities, and deploying those for the upcoming budget season.
- Currently, over 19% of district FTEs are grant-funded; typically, this number should run below 14.5%.

Starkville-Oktibbeha Consolidated School District

Glimpse

Key Performance Indicators for Central Office Administrative positions point to elements that influence service levels and district leadership. The primary purpose of Executive Leadership in a school district is to support the mission and objectives of the school district. The activities performed by district leaders include oversight of the instructional program, daily operations, and finances of the district as they support the staff and students in achieving the desired outcomes.

SOCSD Executive Leadership Positions and Salary	
Position	Salary
Superintendent	$185,400
Deputy Superintendent	$137,500
Assistant Superintendent	$126,400
CFO	$106,390
Director of Assessment, Accountability, & Accreditation	$90,000
Director of Instructional Technology	$80,000
Director of Special Education	$79,560
Child Nutrition Director	$67,473
Transportation Director*	$66,760
Maintenance Director*	$66,260
HR Officer	$53,960
MSIS Coordinator	$44,840

*$5,000 supplement for additional duties

Total Enrollment
4906

Annual Revenue
$67,715,496

Total Executive Salary
$1,114,543

Percentage of Revenue
1.6%

Factors that influence performance and can steer improvements include:

- District Performance
- Student Achievement
- Compliance with federal and local laws
- Adherence to state and local policy
- Enrollment
- Fiduciary Responsibility
- Ethical Standards

Starkville-Oktibbeha Consolidated School District

Glimpse

Program ROI

2017-2018

Product/Program	Amount
ACT	$3,782.75
APPLE EDUCATION	$20,230.64
APPLE, INC.	$42,448.85
CDW GOVERNMENT INC.	$10,713.18
CURRICULUM ASSOCIATES,INC.	$257,845.49
DATA RECOGNITION CORP.	$3,050.87
EDMENTUM, INC.	$29,598.00
HOWARD COMPUTERS	$5,497.00
HOWARD TECHNOLOGY	$4,326.00
ILEARN	$37,000.00
LEARNING A-Z	$1,390.32
SCHOOLSTATUS, LLC.	$32,000.00
TE 21, INC.	$60,000.00
Grand Total	$508,543.97

2018-2019

Product/Program	Amount
ACT	$5,134.42
APPLE EDUCATION	$21,337.24
APPLE, INC.	$611,133.75
CURRICULUM ASSOCIATES	$243,588.99
DATA RECOGNITION CORP.	$3,979.70
EDMENTUM	$36,816.01
HOWARD COMPUTERS	$5,420.00
HOWARD TECHNOLOGY	$43,553.00
ILEARN	$13,500.00
RENAISSANCE LEARNING	$6,583.25
SCHOOLSTATUS, LLC.	$32,000.00
TE 21, INC.	$61,451.00
Grand Total	$1,084,497.36

2019-2020

Product/Program	Amount
ACT	$5,200.00
APPLE EDUCATION	$34,238.54
APPLE, INC c/o APPLE FINANCIAL	$199,475.00
APPLE, INC.	$62,766.15
BRAINPOP, LLC	$1,550.00
CDW GOVERNMENT INC.	$198,662.66
CURRICULUM ASSOCIATES LLC	$210,057.36
EDMENTUM, INC	$34,670.05
HOWARD TECHNOLOGY SOLUTIONS	$41,679.13
NEARPOD INC.	$21,799.98
READ NATURALLY, INC.	$1,188.00
RENAISSANCE LEARNING	$5,021.50
Grand Total	$816,308.37

SOCSD invested in digital learning devices in the 2018-19 school year at a cost of $611,133.75 and eliminated duplicated formative assessments by discontinuing TE21 (enCase). They also eliminated ILEARN, SchoolStatus, and Learning A-Z after 2018-19.

Digital Devices and Resources

Glimpse

Program Utilization I-Ready

I-Ready ELA Utilization 2018-19

16%
24%
60%

- Non User
- Partial User
- User

I-Ready Math Utilization 2018-19

13%
24%
63%

- Non User
- Partial User
- User
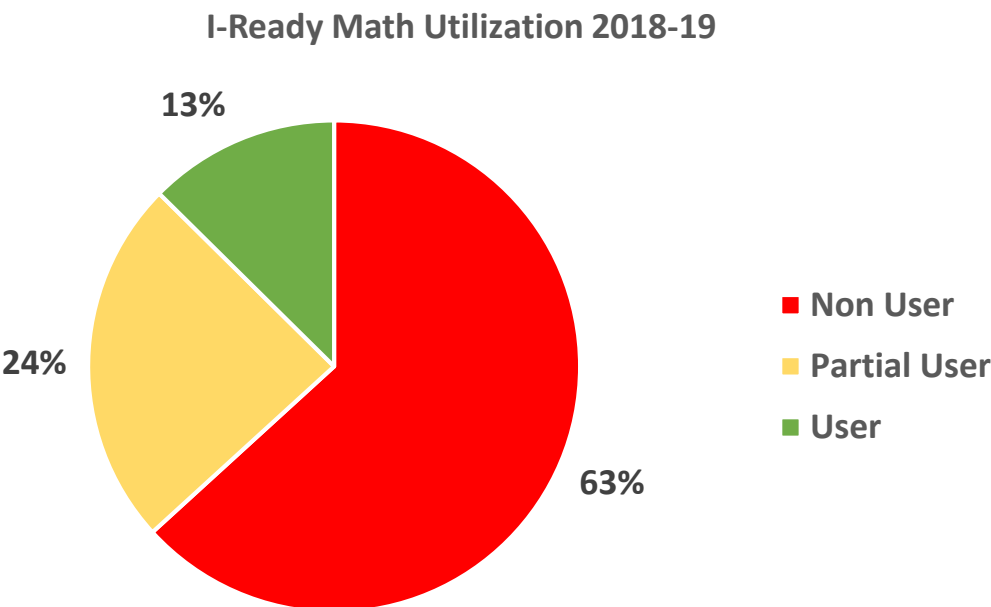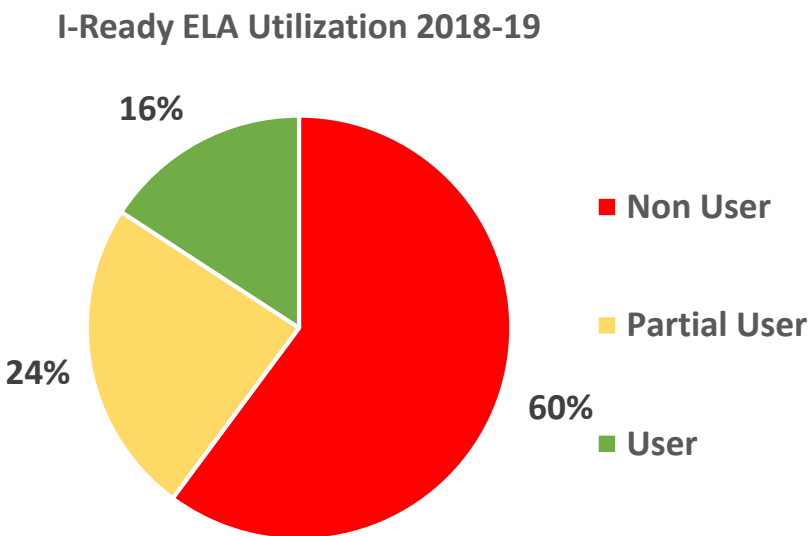
In 2018-19, I-Ready Math Utilization and I-Ready Reading Utilization resulted in $179,036 of ineffective spending calculated by the number of students not meeting the required minimum effective dosage of 45 minutes usage/week based on 26 full weeks of instruction throughout the school year.

8.06% of Math students and 6.67% of ELA students reached or passed the benchmark level by end of year when using the I-Ready mid-year score. The limited number of students classified as users did not significantly benchmark more than others.

Digital Resource Usage

Glimpse

Program Utilization I-Ready

I-Ready ELA Utilization 2019-20

40.45%
35.61% ■ Non User

■ Partial User

■ User
23.94%

I-Ready Math Utilization 2019-20

35.71%
32.69% ■ Non User

■ Partial User
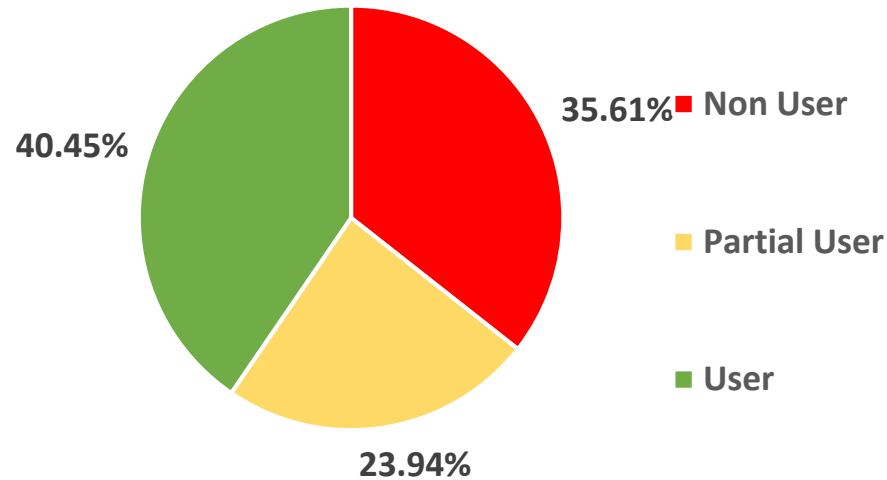
■ User
31.60%
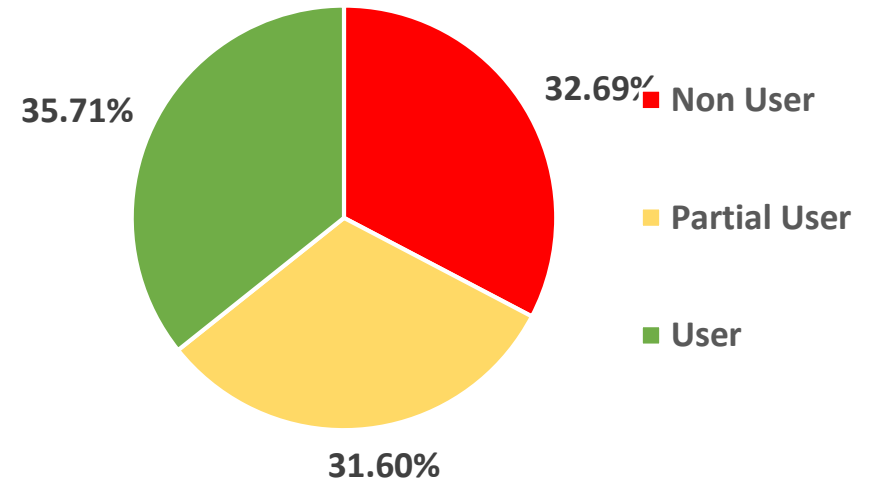
In 2019-20, I-Ready Math Utilization and I-Ready Reading Utilization resulted in $100,898 of ineffective spending calculated by the number of students not meeting the required minimum effective dosage of 45 minutes usage/week based on 12 full weeks of instruction throughout the school year. (COVID-19 impacted the length of time.)

10.06% of Math students and 6.56% of ELA students reached or passed the benchmark level by end of year when using the I-Ready mid-year score. Students classified as user were 10% more likely in Math and 3% more likely in ELA to reach benchmark.

Digital Resource Usage

Glimpse

SOCSD made a significant investment in instructional technology devices and network infrastructure in the 2018-19 and 2019-20 school years. I-Ready is utilized to administer universal screener diagnostics. Additionally, students have access to I-Ready instructional activities for ELA and Math. SOCSD made good gains in student usage rates to their largest investment, I-Ready, in 2019-20.

SOCSD would be well served to:

- Refine the process for accountability in student usage of the I-Ready ELA and Math instructional components
- Deploy a process for ensuring compliance to the intended usage strategy
- Systematically measure the impact of digital usage as it relates to the diagnostic and summative assessments of students
- Ensure the recurring purchases of digital platforms require an analysis of the overall impact of the purchase on student outcomes

In the absence of the above opportunities, SOCSD should reconfigure the licensing of I-Ready and other platforms to improve the ineffective spending amount of $100,898.

Additionally, SOCSD has undergone leadership changes in Instructional Technology in summer 2020 and should commit to the revision of a strategic initiative tying Instructional Technology and student outcomes together with key metrics in place for assessing quality.

Student Grade Correlations

Glimpse

Non-Instructional Performance Review

Starkville-Oktibbeha Consolidated School District

December 2020

Glimpse

Transportation Services

Key Performance Indicators for Transportation Services point to elements that influence service levels and cost efficiency. Some indicators are comprehensive in nature, such as Cost per Mile and Transportation Cost per Rider, while other indicators pinpoint exact inefficiencies and excessive expenses. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Transportation as a Percentage of the Total District Expense	1%	1%	↗	4-6%	4.40%	A point of reference illustrating the general size of the transportation operation as a function of the district
Average Annual Cost per Bus Overall	$8,673.97	$8,064.89	↘	$48,683-$72,698	$41,230.39	Total direct transportation costs plus total indirect transportation costs, divided by total number of buses
Annual Cost per Rider	$203.30	$263.94	↗	$752-$1529	$756.47	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by number of riders
Annual Cost per Mile	$0.92	$0.87	↘	$3.96-$5.70	$4.55	Total direct cost plus total indirect cost plus total contractor cost of bus services, divided by total miles operated
% of Spare Buses	3%	3%	↗	9%-15%	15.00%	Total spare buses divided by total scheduled for daily routes
Ratio of Buses per School	8.33	8.00	↘	4-7	6.61	Total number of buses divided by total number of schools within the district
Ratio of Buses per Mechanic	18.75	18.00	↘		26.38	Total number of maintenance staff divided by the total number of buses

Factors that influence performance and can steer improvements include:

- Types of transported programs served
- Bell schedule
- Effectiveness of the routing plan
- Spare bus factor needed
- Age of fleet
- Driver wage and benefit structure and labor contracts
- Maximum riding time allowed
- Earliest pickup time allowed
- Enrollment projections

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

It appears that total annual transportation operational cost (e.g., salaries, fuel, parts, etc.) was not supplied. The annual cost provided was significantly low, averaging per bus at less than $9,000. This amount would be less than the actual Bus Driver's salary. All measures related to costs are skewed and are not accurate.

There are some indications of possible opportunities for improvement. The ratio of buses per school is significantly higher than both national and regional peers. If cost data were significantly higher than peers', this would be an indication that there may be opportunity to optimize routes.

A detailed review of existing bus routes should take place to evaluate the possibility of reducing the number of daily route buses in order to reduce costs. When evaluating routes and the number of buses needed, the district should also review school bell schedules to determine if schedule standardization and possibly splitting the start times of the high school and middle schools could allow time for buses to service multiple schools through route tiering (one bus with staggered routes, allowing them to service multiple locations) or by "domino" routing techniques (one bus picking up students for/from multiple schools). Other adjustments that may be considered would be the length of the allowed ride time and the earliest/latest rider pick-up/drop-off allowed.

Lastly, the current number of spare buses seems to be too low to adequately support transportation services without delays or interruptions. This may not appear to be an issue due to the district's fleet overall being larger than required.

Potential Improvement Opportunities

Glimpse

Operations

Key Performance Indicators in Operations assess the cost efficiency and service levels of a district's facilities management and labor. Areas of focus include custodial, maintenance, and energy management activities. These indicators should give district leaders a general sense of both where they are doing well and where they can improve. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Operations as a Percentage of overall District Expense	9.5%	11.2%	↗	6%-13.8%	6.50%	A point of reference illustrating the general size of the operations department as a function of the district
Average Square Feet per Student	339.82	343.63	↗	160 - 190	166.81	Total square fotage of all facilities within the district divided by total number of students
Custodial cost per square foot	$0.68	$0.73	↗	$1.20-$2.28	$1.10	Total cost of district-operated custodial work plus total cost of contract-operated custodial work, divided by total square footage
Custodial cost per student	$232.09	$251.65	↗	$239-$427	$214.35	Total custodial work costs (contractor and district operated), divided by total student enrollment.
Custodial workload (Square Footage per Custodian)	50,464	50,464	→	22,446-30,552	41,372	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district custodial field staff.
Custodial Supply Cost per Square Foot	$0.07	$0.08	↗	$0.07-$0.14	$0.20	Total custodial supply cost divided by total square footage of all buildings.

Custodial Services - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Size of schools
- Space usage rates
- Number of employees
- Scope of duties assigned to Custodians
- Work schedule assigned to Custodians
- Custodian cleaning methods
- Custodial cleaning equipment supplied
- Custodial cleanliness expectations/requirements

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Maintenance Cost per Square Foot	$1.79	$1.81	↗	$0.99-$1.32	$2.18	Cost of maintenance work divided by total square footage of all buildings.
Maintenance and Operations cost per student	$607.23	$621.58	↗	$837-$1,710	$607.18	Total custodial costs plus total grounds work costs plus total routine maintenance costs plus total major maintenance/ minor renovations costs plus total major rehab/ renovations divided by enrollment.
Maintenance workload (Square Footage per Maintenance Tech)	245,108	214,470	↘		178,716	Total square footage of non-vacant buildings that are managed by the district, divided by total number of district Maintenance Technicians/Tradesmen.
Average Number of Days to Complete a Maintenance Work Order	3	5	↗	5-29	10	Total aggregate number of days to complete all work orders, divided by total number of work orders.
Square Acre per Landscape Technician	153.00	153.00	→		91.21	Total acreage of maintained property divided by total number of Landscape Technicians

Maintenance - Factors that influence performance and can steer improvements include:

- Cost of labor, supplies, and materials
- Age of infrastructure
- Number of employees
- Management effectiveness
- Automated work order tracking
- Existence of work-flow management process
- Experience of Maintenance staff
- Training of Custodial staff to assist in auxiliary support (i.e., maintenance and lawn care)
- Deferred maintenance backlog

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 3)

Glimpse

Operations

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Utility Costs per Square Foot	$0.71	$0.68	↘	$1.14-$1.59	$1.47	Total utility costs divided by total square footage of all non-vacant buildings.
Electricity Usage per Square Foot (in KW)	128.17	14.91	↘	7.1-11.8		Total electricity usage (in kWh), divided by total square footage of all non-vacant buildings.
Heating Fuel Usage per Square Foot (in kBTU)	0.06	0.06	↘	0.1-32.2		Total heating fuel usage (in kBTU), divided by total square footage of all non-vacant buildings.
Water Usage per Square Foot (in Gallons)	0.23	0.01	↘	8.3-16.3		Total water usage (in gallons), divided by total square footage of all non-vacant buildings.

Energy Management - Factors that influence performance and can steer improvements include:

- Overall number of students and staff
- Student and staff density per facility
- Size and age of school facilities
- Student and staff day-to-day behaviors
- Number of non-district supplied appliances in use
- Speed of leak/drip identification and repair
- Implementation of energy efficient lighting, appliances, and HVAC
- Implementation of water efficient faucets and toilets

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (3 of 3)

Glimpse

The number of square feet per student is significantly higher than both national and regional peers by a factor of almost two. It is unlikely that this total of square footage is being maintained for student daily use. As square footage is used in several measures to normalize data, the district's high square footage skews these measures, driving such factors as costs or utility usage per square foot lower, thus making performance appear better than that of peer districts.

This performance is countered when reviewing overall operational cost. Overall operational cost of the district as a percentage of overall budget is significantly higher than that of regional peers. Operational cost has increased year over year, while the district's overall expenditures have reduced. A more accurate view of performance could be achieved by removing the square footage of vacant buildings, areas, and/or classrooms from the calculation.

Almost all measures not normalized by square footage appear higher than regional peers:
- Custodial costs per student ($252.65) compared to regional peers ($214.35)
- Maintenance costs per student ($621.58) compared to regional peers ($607.18)

If Maintenance and Operations costs were brought in line with the previous year's cost levels as a percentage of overall budget or if the district could meet regional peer performance, the district could reduce costs by $560,000 to $1,840,000 annually. A deeper look into Operations is recommended to understand inefficiencies or ineffectiveness that could be improved to drive the above noted savings.

Potential Improvement Opportunities

Glimpse

Nutrition Services

Key Performance Indicators in Nutrition Services include measures of productivity, broadly measured in Meals per Labor Hour, cost efficiency as determined by food and labor costs per revenue, and service levels as measured by meal participation rates. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Breakfast participation rates	40.3%	40.5%	↗	29.3%-52.5%	37.00%	Total breakfast meals served, divided by total district student enrollment times the number of school days in a year.
Lunch participation rates	68.9%	39.9%	↘	54.2%-78.6%	68%	Total lunch meals served, divided by total distict student enrollment times the number of school days in a year.
Cost per meal	$3.18	$4.22	↗	$3.15-$3.80	$3.64	Total direct costs of the food service program divided by the total meals equivalent served annually.
Food costs per meal	$0.91	$1.18	↗	$1.44-$1.82	$1.49	Total food costs, divided by the total meals equivalent served annually.
Fund balance as percent of revenue	46.7%	60.1%	↗	11.2%-38.9%	50.00%	Fund balance divided by total revenue
Food costs as a percent of revenue	26.1%	31.5%	↗	38.4%-46.7%	38.63%	Total food costs divided by total revenue
Labor costs as percent of revenue	42.9%	54.5%	↗	37.8%-47.5%	45%	Total labor costs divided by total revenue
USDA Commodities percent of total revenue	9.0%	9.6%	↗	5.8%-6.6%	5.92%	Total value of commodities received divided by total revenue
Meals Per Labor Hour	12.9	9.7	↘	13.6-18.8	13.7	Annual meal equivalents divided by the average daily labor hours annually.

Factors that influence performance and can steer improvements include:

- Menu selections
- Provision II and III and Universal Free
- Free/Reduced percentage
- Food preparation methods
- Attractiveness of dining areas
- Adequate time to eat
- School opening procedures
- Timing of morning student arrival
- Participation in after school programs, supper programs, and summer feeding

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

Cost measures appear to be trending higher year over year to exceed both national and regional peers for the 2020-21 school year. In actuality, the district's total annual cost has reduced year over year by 0.12%. The issue is that the district is currently seeing a significant reduction (24.7%) in total meal equivalents being served. This, no doubt, is being driven by the onset of the COVID-19 pandemic.

A determination should be made to understand if this is a temporary issue related to the COVID-19 pandemic or if there is potential for this being a longer-term program structural issue that will last beyond the pandemic. If it is determined that the issue or effects of the issue are possibly longer term in nature, the district should take action to improve performance.

The district should review current staffing levels by school to determine what participation rates should be to increase Meals per Labor Hour (MPLH) to meet peer performance. If possible, the district may consider developing strategy around driving up participation to meet current staffing levels or reducing staffing levels through natural attrition (i.e., choosing not to replace retirees or other individuals that leave employment from Nutrition Services over the upcoming year). If the district meets average MPLH performance as compared to peers, costs should begin to align as well.

Glimpse

Technology

Key Performance Indicators in Technology assess the productivity, cost efficiency, and service levels of the Technology department. As more districts employee technology to deliver and aide in student instruction, focus should be on the effective deployment and maintenance of technology versus on reducing expenditures. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Key Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
IT Spending as percent of District Budget	0.9%	1.5%	↗	1.77%-2.83%	1.7%	Total IT staffing, hardware, systems and service costs divided by total district operating budget.
Average Age of Computers	5.00	4.00	↘	3.19-4.01	3.33	Weighted average (number of 1 year old computers, plus 2 year old x 2, plus 3 year old x 3, plus 4 year old x 4, plus 5 year and older x 5)
Devices per employee	1.00	0.95	↘	0.97-1.63	1.1	Total number of employee laptops and desktops divided by the total number of district employees
Devices per student	0.84	0.95	↗	0.79-1.07	0.77	Total number of desktops, laptops and tablets that are for student use only or mixed-use divided by total stuent enrollment
IT Spending per student	$79.39	$114.36	↗	$196-$324	$159.33	Total IT staffing, hardware, systems and service costs divided by total student enrollment

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 2)

Glimpse

Technology

Key Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Network-Bandwidth per Student	158	160	↗	79.6-223	156	Total standard available bandwidth divided by total student enrollment
Network days usage exceeded 75% of capacity	135.00	135.00	→	3-100	49	Number of days that peak daily internet usage reaches more than 75% of standard available bandwidth for 5 minutes or longer.
Advanced-presentation Devices per teacher	2.34	2.31	↘	1.67-2.50	1.83	Total number of devices (video/data projectors/document cameras/whiteboards, etc) divided by total number of teachers
Devices per IT Staff	365	400	↗		617.32	Total student and employee devices (excluding presentation devices) divided by total number of IT staff FTEs.

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- School district strategy regarding instructional technology pedagogy
- Existing school district business systems
- Implementation and project management for new software applications in both instructional and operations areas
- Type of devices in use by district (i.e., desktop, laptop, netbook, tablets, etc.)
- Age of technology and applications
- District technology standards and support model deployed

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Key Performance Indicators (2 of 2)

Glimpse

Technology spending increased over the two-year span reviewed, rising from 0.9% of the district's overall budget to 1.5% in the 20-21 school year. Technology spending, as measured per student and as an overall percentage of district budget, is significantly below that of national and regional peers.

The district is close to achieving a 1:1 ratio of devices per student. Network bandwidth per student (measured in Mbit/s) is slightly higher than the regional peer median and within the national peer range. The average age of computers has improved across the two-year span reviewed, reducing from five years to four years, which is at the top of the range for national peers and higher than the median of regional peers. Continued investment in computers will be required to move the district to a 1:1 ratio and to reduce the average age of computers to below three years.

The number of days that peak daily internet usage reached more than 75% of standard available bandwidth for five minutes or longer was 135 days. This is significantly higher than both regional and national peers and may be an indication that the district may need to further invest in network/bandwidth infrastructure over the next few years.

The ratio of devices per Technology staff is significantly lower than that of regional peers. The district may need to take a deeper look at technology spending in relationship to support staff versus infrastructure/hardware needs, then implement a strategy to balance the cost of these two key needs.

Potential Improvement Opportunities

Glimpse

Human Resources

Key Performance Indicators in Human Resources include district-wide effectiveness measures such as Teacher and Employee Separation Rates as well as indicators that focus more narrowly on the operation of the district's Human Resources department. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
HR Cost per $100K Revenue	$404.55	$457.42	↗	$444-$703	$356.61	Total HR department costs, divided by total district operating revenue over $100,000
HR Cost per District Staff Member	$212.98	$231.84	↗	$492-$894	$235.61	HR Department costs divided by total number of District Staff (FTEs)
Number of Employees per HR Staff Member	295	310	↗		319.06	Total number of district staff (FTEs) divided by total number of HR staff.
Overall Employee Separation Rate	18%	14%	↘	10.1%-15.4%	16.51%	Total number of employees that left the district divided by the total number of district employees (FTEs).
Teacher Separation Rate	8%	8%	↘	7.8%-14.0%	16%	Total number of Teachers that left the district divided by the total number of district employees (FTEs).
Employee Misconduct Investigations per 1,000 Employees	1.13	0.00	↘	5.2-38.8	8.79	Number of misconduct investigations, divided by total number of district employees (FTEs) over 1,000.
Employee Discrimination Investigations per 1,000 Employees	1.13	1.08	↘	0.65-2.01	1.54	Number of complaints/charges of discrimination filed by employees) divided by total number of district employees (FTEs) over 1,000.

Factors that influence performance and can steer improvements include:

- Human Resources role definition within the district
- Ability of existing technology to automate work
- Hiring practices
- School culture and staff supports
- Local or regional competition
- Effectiveness of recruiting efforts
- Salary and benefits offered
- Employee satisfaction and workplace environment
- Availability of skills in local labor market
- Personnel policies and practices

* National Peer Data gathered from the National Council for Great City Schools
** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators

Glimpse

The Human Resources department performs solidly as measured by the reviewed key performance indicators, with most measurements in line or better than both national and regional peers. Several indicators show improvement from year to year over the reviewed period.

Human resources cost is in line with both national and regional peers. The ratio of Human Resources staff per overall district staff member is in line with regional peers.

The overall employee separation rate percentage has reduced over the two-year review period, aligning with national peers and falling lower than regional peers. The teacher separation rate percentage remained consistent over the review period and is lower than the regional peer median and on the low side of the national peer range.

Both employee misconduct and discrimination investigations have reduced year over year and are lower than both national and regional peers.

Potential Improvement Opportunities

Glimpse

Supply Chain

Key Performance Indicators in Supply Chain include an Accounts Payable (AP) focus on the cost of efficiency, productivity, and service quality of invoice processing, as well as a focus on improving efficiency and effectiveness of procurement practices. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
AP Cost per 100K revenue	$118.02	$130.20	↗	$35.5-$60.5	$115.17	Total AP department personnel costs plus AP department non-personnel costs divided by total district operating revenue over $100,000
AP Cost per invoice	$87.19	$80.66	↘	$3.68-$10.24	$19.52	Total AP department personnel costs plus AP department non-personnel costs, divided by total number of invoices handled by the AP department.
Avg Days to Process Invoices	22	22	→	4-20.7	23.3	Aggregate number of days to process all AP invoices, divided by the total number of invoices handled by the AP department
Invoices processed per FTE per month	52.5	63.3	↗	605-1,626	531.12	Total number of invoices handled by the AP department, divided by total number of AP staff (FTEs), divided by 12 months
Invoices past due at time of payment	0%	0%	→	2.55%-20.46%	1%	Number of invoices past due at time of payment, divided by total number of invoices handled by the AP department.
Payments voided	8.31%	1.81%	↘	.50%-1.67%	1.82%	Number of payments voided, divided by total number of AP transactions (payments)
P-card Purchasing Ratio	0.70%	0.71%	↗	2.3%-10.3%	4%	Total dollar amount purchased using P-cards, divided by total procurement outlays (including P-card purchases).

Factors that influence performance and can steer improvements include:

- Administrative policies and procedures
- Level of automation
- Existing business technology systems
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Monitoring and reporting systems
- Total dollar amount of invoices paid annually
- Utilization of Purchasing Cards (P-Cards)

* National Peer Data gathered from the National Council for Great City Schools

** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (1 of 2)

Glimpse

Supply Chain

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Procurement Costs per 100K	Not tracked	Not tracked	→	$73-$113	$74.49	Total Procurement department costs, divided by total district revenue over $100,000
Costs per PO	Not tracked	Not tracked	→	$38-$111	$25.23	Total Purchasing department costs, divided by the total number of purchase orders that were processed by the Purchasing department, excluding P-card transactions and construction.
Procurement Savings Ratio	0.9%	0.9%	↘	0.9%-4.7%	5%	Total savings from Invitations for Bids, Requests for Proposals and informal solicitations, divided by total procurement outlays (excluding P-cards and construction).
Competitive Procurement Ratio	1%	0%	↘	46.8%-85.3%	28.73%	Total amount of purchasing that was through competitive procurements, divided by the sum of total procurement outlays, total P-card purchasing and total construction spending.
Procurement staff with professional certification	0%	0%	→	4.0%-38.8%	1%	Number of Purchasing department staff with a professional certificate, divided by total number of Purchasing staff (FTEs)
Warehouse Operating Expense Ratio	Not tracked	Not tracked	→	4.1%-24.4%	■	Total operating expenses of all measured warehouses (including school/office supplies, textbooks, food service items, facility maintenance items, and transportation maintenance items), divided by total value of all issues/sales from the warehouse(s).

Factors that influence performance and can steer improvements include:

- Procurement policies
- Utilization of blanket purchase agreements
- Number of highly complex procurements
- Departmental and individual employee responsibilities and competencies
- Performance management systems
- Level of automation

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** Regional Peer Data based on the performance assessments of 40 School Systems in the Southeastern United States from 2015-2020

Key Performance Indicators (2 of 2)

Glimpse

Over the last two school years, the district has only processed 630 invoices in 2018-19 and 760 invoices in 2019-20. These low numbers negatively skew the measurement of AP costs per invoice. During the same review period, the district processed 6,039 payments in 2018-19 and 3,542 payments in 2019-20. AP costs per payment would be $9.09 to $17.31, which is more in line with typical cost per invoice.

When comparing AP cost per $100K of revenue, the district is higher than both national and regional peers. A high percentage of payments were voided during the 2018-19 school year (8.31%). The number reduced during the 2019-20 school year (1.81%), which is in line with the regional peer median and higher than the national peer range. Purchasing card usage was very low compared to national and regional peers.

The foundation for several procurement indicators was not tracked due to the district's approach to purchasing. The tracked measures were below both national and regional peer performance.

The district would benefit from looking at optimizing both the current accounts payable and procurement processes to identify opportunities to gain efficiency and reduce errors through standardization, to set up performance measurement practices, and to increase competitive bidding. Through standardizing, measuring, and increasing competitive bidding, the district could see a reduction of 5 to 20% in overall cost of goods and services.

Potential Improvement Opportunities

Glimpse

Key Performance Indicators in Financial Services assess operational efficiency and effectiveness regarding debt service, budgeting, payroll processing, worker's compensation management, and grant management. Attention should be paid not only to each indicator, but also in the overall performance impact represented through the relationship of each indicator as to the overall financial health of a district.

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Debt Service Costs Ratio to District Revenue	0.014%	0.022%	↗	3.1%-10.6%	1.6%	Total Servicing costs divided by Total Operating Revenue
Expenditures Efficiency-Adopted Budget as a percent of actual	200%	194%	↘	93.0%-103.1%	168%	Total budgeted expenditures in the adopted budget, divided by total district operating expenditures
Expenditures Efficiency-Final Budget as percent of actual	228%	228%	→	98.4%-106%	150%	Total budgeted expenditures in the final budget, divided by total district operating expenditures.
Revenues Efficiency-Final Budget as percent of actual	150%	162%	↗	93%-102%	123%	Total budgeted revenue in the final budget, divided by total district operating revenue.

Factors that influence performance and can steer improvements include:

- Leadership and governance
- School board and administrative policies and procedures
- Budget development and management processes
- Revenue experience, variability, and forecasts
- Expenditure trends, volatility, and projections
- Per capita income levels
- Real property values and/or local retail sales and business receipts
- Age of district infrastructure
- Monitoring and reporting systems

* National Peer Data gathered from the National Council for Great City Schools
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Key Performance Indicators (1 of 3)

Glimpse

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Paychecks processed per FTE per month	854.5	902.9	↗	1,223-2,504	727.55	Total number of pay checks processed by Payroll department, divided by total number of Payroll staff (FTEs), divided by 12 months.
Payroll costs per 100K spent	$126.20	$122.19	↘	$110-$240	$179.84	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total district payroll spend over $100,000
Payroll cost per paycheck	$5.04	$4.91	↘	$2.66-$5.99	$6.76	Total Payroll personnel costs plus total payroll non-personnel costs, divided by total number of payroll checks
Paycheck errors per 10K	59.5	43.4	↘	3.6-31.6	32.11	Total number of pay check errors, divided by total number of pay checks handled by Payroll department over 10,000
Paychecks Direct Deposit	99.95%	100.0%	↗	92.2-99.8%	96.00%	Total number of pay checks paid through direct deposit, divided by the total number of pay checks issued

Factors that influence performance and can steer improvements include:

- School board and administrative policies and procedures
- Pay practices
- Number of annual payroll runs
- Implementation of direct deposit
- Level of automation
- Departmental and individual employee responsibilities and competencies
- Performance management systems

* National Peer Data gathered from the National Council for Great City Schools
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Key Performance Indicators (2 of 3)

Glimpse

Financial Services

Performance Indicator	2018-2019	2019-2020	Trend	National Peers*	Regional Peers**	Description
Workers' Compensation Cost per $100K Payroll Spend	**$1,184.94**	**$850.64**	↘	$545-$1,192	$737.03	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fiscal year, divided by total payroll outlays over $100,000.
Workers' Compensation Cost per Employee	**$548.45**	**$398.43**	↘	$213-$486	$349.11	Total workers' compensation premium costs plus workers' compensation claims costs incurred plus total workers' compensation claims administration costs for the fscal year, divided by total number of district employees
Grant Funds as Percent of Total Budget	**3.33%**	**4.03%**	↗	9.6%-16.8%	6.09%	Total grant funds expenditures, divided by total district operating revenue
Grant-Funded Staff as Percent of District FTEs	**22.4%**	**19.4%**	↘	7.3%-13.3%	14.07%	Number of grant-funded staff (FTEs), divided by total number of district employees (FTEs)
Days to Access New Grant Funds	**12**	**12**	→	20-45	24.8	Total aggregate number of days that passed after new grant award notifcation dates to the frst expenditure date, divided by the total number of new grant awards in the fscal year

Factors that influence performance and can steer improvements include:

- Existing policies and procedures to help prevent injuries
- An organization's overall worker's compensation claim history - number of claims and severity of claims
- Size of district's payroll and staff member classification
- Effective claim management
- Grant seeking tied to district's strategic plan
- Knowledge of available grants
- Availability of resources required to pursue grants
- District competitive attributes to meet grant criteria in comparison to peers
- Grant writing experience

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Key Performance Indicators (3 of 3)

Glimpse

There are three indicators that speak to the effectiveness of the budgeting process:
- Expenditure Efficiency – Adopted Budget as a percent of actual (194% for 2019-20 SY)
- Expenditures Efficiency – Final Budget as a percent of actual (228% for 2019-20 SY)
- Revenues Efficiency – Final Budget as a percent of actual (162% for 2019-20 SY)

The most effective budgets are those that are close predictors of actual performance. The more closely aligned the budget is to actual spend, the better control, vision, and management capability district leaders have. There is a wide disparity between regional peers' median performance and the performance range of national peers. A best practice would be to hold the budget to actual within +/- 7%. The district would benefit from reviewing the current budget process, identifying improvement opportunities, and deploying those for the upcoming budget season.

Payroll efficiency indicators are in line or better than both national and regional peers. The district has achieved 100% of employees having their paychecks directly deposited, which is a commendable feat. The only opportunity identified by payroll indicators was the number of paycheck errors per $10K of pay was higher than both national and regional peers. The indicator reflects a 23% improvement year over year for the review period. Work should continue to reduce errors in order to bring this measure in line with peers.

Worker's compensation indicators were in line or better than both national and regional peers.

The amount of grant funds as a percentage of the total budget is significantly lower than both national and regional peers. While it is evident that the district should pursue more competitive grants, the district should also consider how grant funds are used. Currently, over 19% of district FTEs are grant-funded; typically, this number should run below 14.5%.

Potential Improvement Opportunities

Glimpse

Source	Requested Data	2018-19	2019-2020
Transportation	Annual Transportation Operational Costs	$ 650,548.01	$ 580,672.00
Transportation	Average number of students transported daily	3200	2200
Transportation	Average number of Miles Driven Daily	3800	3580
Transportation	Regular Education Route Buses In Operation	63	63
Transportation	Special Education Route Buses in Operation	10	7
Transportation	Spare Route Buses	2	2
Transportation	Spare SPED Buses	0	0
Transportation	Number of Bus Mechanics	4	4
General District	Total Number of Schools within System	9	9
Finance	Total district operating expenditures	$ 44,462,886.00	$ 38,769,070.00
General District	Number of School Days Annually	187	187

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Operations	Annual Maintenance Costs Overall	$ 3,065,918.96	$ 3,103,551.68
Operations	Annual Custodial Costs Overall	$ 1,171,797.49	$ 1,256,479.49
Operations	Annual Custodial Supply Costs	$ 112,688.05	$ 135,109.73
Operations	Total Square Feet Maintained By District	1715759	1715759
Operations	Number of MaintenanceTechnicians/Tradesmen Employed byDistrict (FTE)	7	8
Operations	Square Acre per LandscapeTechnician**	153	153
Operations	Number of Custodians Employed byDistrict (FTE)	34	34
Operations	Operations as a Percentage of overallDistrict Expense	0.095	0.112
Operations	Average Number of Days to Complete aMaintenance Work Order	3	5
General District	Total Number of Students Enrolled	5049	4993
Operations	Total Utility Costs (including electricity, heating fuel, water, sewer)	$ 1,223,897.00	$ 1,171,050.00
Operations	Total Electricity Usage (in KW)	219911151	25584105
Operations	Total Heating Fuel Usage (in kBTU)	103279	94455
Operations	Total Water Usage (in gallons)	402505	25317
Finance	Total district operating expenditures	$ 44,462,886.00	$ 38,769,070.00

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Information Technology	Total IT staffing costs	$ 300,438.75	$ 395,921.19
Information Technology	Total IT hardware, systems and service costs	$ 100,400.00	$ 175,080.00
Information Technology	Business Systems Costs	$ 38,916.00	$ 39,872.53
Information Technology	Instructional Systems Cost	$ 35,000.00	$ 85,000.00
Information Technology	IT Spending-Capital Investment	$ 1,580,669.32	$ 478,449.00
Information Technology	Total annual support/incident tickets	430	956
Information Technology	Average Number of Days Support/incident tickets remain open	14	12
Information Technology	Total available bandwidth (in Mbit/s)	800000	800000
Information Technology	Average Age of Computers	5	4
Information Technology	Network days usage exceeded 75% of capacity	135	135
General District	Total Number of Students Enrolled	5049	4993
General District	Total Number of School Personnel (FTE)	884	929
Finance	Total district operating expenditures	$ 44,462,886.00	$ 38,769,070.00
General District	Total Number of Teachers (FTE)	363	368

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Human Resources	Annual Human Resource Costs Overall	$ 188,276.05	$ 215,375.43
Human Resources	Number of HR Department Staff	3	3
Human Resources	Total Number of Overall Staff Separations (FTE)	158	127
Human Resources	Total Number of Teacher Separations (FTE)	74	72
Human Resources	Total Number of Employee Discrimination Complaints	1	1
Human Resources	Total Number of Employee Misconduct Investigations	1	0
Human Resources	Human Resources as a Percentage of overall District Expense	0.0025	0.0029
Human Resources	Total Number of School Personnel (FTE)	884	929
Finance	Total district operating revenue	$ 46,539,732.00	$ 47,084,641.00

Provided Performance Data

Glimpse

Source	Requested Data	2018-19	2019-2020
Supply Chain	Total Procurement Dept. Costs	0	0
Supply Chain	Total Procurement Staff	NA	NA
Supply Chain	Total Procurement staff with professional certification	NA	NA
Supply Chain	Total # PO's/fiscal year (exclude P-card & construction)	5226	4261
Supply Chain	Total P-card Transactions	$ 213,053.46	$ 171,685.14
Supply Chain	Total construction Transactions	$ 16,016,069.49	$ 11,440,981.31
Supply Chain	Total amount of procurement outlay	$ 30,416,785.00	$ 24,051,126.00
Supply Chain	Total savings from invitations for bids, request for proposals & informal solicitations	$ 268,628.00	$ 208,813.00
Supply Chain	Average # days to administer invitations to bid	14	14
Supply Chain	Total purchasing through competitive procurement	$ 494,388.00	$ 163,557.00
Supply Chain	Total spent under cooperative agreements	$ 253,929.00	$ 261,613.00
Supply Chain	Total district warehouse operating expenses	0	0
Supply Chain	Total value sales/issues from district warehouse	0	0
Finance	Total district operating revenue	$ 46,539,732.00	$ 47,084,641.00

Provided Performance Data (1 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Accounts Payable Dept. Costs	$ 54,928.00	$ 61,305.00
Finance	Total AP staff	1	1
Finance	Total # invoices processed	630	760
Finance	Average #days to process invoice	22	22
Finance	Total # AP payments	6039	3541
Finance	Total # AP payments past due	0	0
Finance	Total # AP payments voided	502	64

Provided Performance Data (2 of 2)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Debt Principal	$ 3,168,211.00	$ 3,189,789.00
Finance	Total Debt Servicing costs	$ 6,494.00	$ 10,382.00
Finance	Total fund balance	$ 20,020,250.00	$ 23,623,871.00
Finance	Total budgeted expenditures	$ 89,054,045.00	$ 75,239,655.00
Finance	Total district operating expenditures	$ 44,462,886.00	$ 38,769,070.00
Finance	Total budgeted revenue	$ 63,693,917.00	$ 67,716,526.00
Finance	Total district operating revenue	$ 46,539,732.00	$ 47,084,641.00
Finance	Total budgeted expenditures in budget	$ 101,520,644.00	$ 88,504,275.00
Finance	Total budgeted revenue in finalbudget	$ 69,881,348.00	$ 76,472,476.00
Finance	Total liability premiums, claims &admin costs	$ 294,098.00	$ 277,135.00
Finance	# liability claims filed	0.00	0.00

Provided Performance Data (1 of 4)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	Total Debt Principal	$ 3,168,211.00	$ 3,189,789.00
Finance	Total Debt Servicing costs	$ 6,494.00	$ 10,382.00
Finance	Total fund balance	$ 20,020,250.00	$ 23,623,871.00
Finance	Total budgeted expenditures	$ 89,054,045.00	$ 75,239,655.00
Finance	Total district operating expenditures	$ 44,462,886.00	$ 38,769,070.00
Finance	Total budgeted revenue	$ 63,693,917.00	$ 67,716,526.00
Finance	Total district operating revenue	$ 46,539,732.00	$ 47,084,641.00
Finance	Total budgeted expenditures in final budget	$ 101,520,644.00	$ 88,504,275.00
Finance	Total budgeted revenue in final budget	$ 69,881,348.00	$ 76,472,476.00
Finance	Total liability premiums, claims & admin costs	$ 294,098.00	$ 277,135.00
Finance	# liability claims filed	0.00	0.00

Provided Performance Data (3 of 4)

Glimpse

Source	Requested Data	2018-19	2019-2020
Finance	# liability claims litigated	0.00	0.00
Finance	Total workers' comp.premium, claims & admin costs	$ 484,826.00	$ 370,143.00
Finance	Total Workers' comp claims filed	39.00	21.00
Finance	Total lost days for all workers' comp claims	101.00	71.00
Finance	Total workplace accidents reported	39.00	21.00
Finance	Total grant fund expenditures	$ 4,990,529.00	$ 6,164,342.00
Finance	Number of grant funded staff	198.00	180.00
Finance	Total grant funds returned	$ -	$ -
Finance	Total grant funds expenditures from competitive grants	$ 1,549,765.00	$ 1,896,966.00
Finance	Average days to access grant funds	12.00	12.00
Finance	Average days to process grant receivable invoices	12.00	12.00
General District	Total Number of School Personnel (FTE)	884.00	929.00

Provided Performance Data (4 of 4)

Glimpse

Appendix: XI
Bloated Education Administrator Salaries Compared to Other States

Administrative		
06-07	**16-17**	**%⇧**
$822M	$968M	17.67%

Non-Instructional		
06-07	**16-17**	**%⇧**
$1.3B	$1.4B	10.67%

Instruction		
06-07	**16-17**	**%⇧**
$2.2B	$2.4B	10.56%

Instruction Support		
06-07	**16-17**	**%⇧**
$556M	$669M	20.26%

Total Expenditures		
06-07	**16-17**	**%⇧**
$4.9B	$5.5B	12.89%

Despite the fact that the number of K-12 students and classroom teachers in Mississippi has decreased over the last decade, spending[1] outside-the-classroom has increased. If outside-the-classroom spending—spending on Administration and Non-Instructional costs—had been kept the same, per student, over the last ten years, Mississippi could afford to give a greater than $11,000 pay raise[2] to every teacher in the state.

Over the last ten years, spending outside the K-12 classroom has ballooned. As shown in the box at left, Administrative costs in particular have grown faster than overall K-12 education spending and faster than Instructional spending. The total increase in Administrative costs over the last ten years is $145 million and the increase in Non-Instructional costs is $140 million.

Of the four major categories of K-12 spending (Instruction, Instruction Support, Administrative, and Non-Instructional), Instruction spending increased more slowly than any of the other three categories. Spending on Instruction includes teacher salaries and benefits, like health insurance and retirement, as well as direct classroom resources to help students.

Administrative and Non-Instructional spending, by definition, do not directly impact students inside the classroom. Administrative expenditures include:

- superintendent and district office spending (salaries, benefits, commodities, contractual, and travel expenses of those offices),
- principals and school office costs not related to direct or indirect instruction expenses,
- operations and maintenance of district offices and campuses,
- non-student transportation (administrative and other cars, trucks, etc.),
- supervision and training of non-instructional staff, and
- information services (publications and printing).

Total K-12 Expenditures

The Auditor's Office considers any expenditure category that is not Administrative, Instruction, or Instruction Support to be "Non-Instructional" for the purposes of this analysis. Non-Instructional expenditures include:

- food services,
- community services operations,
- facility acquisition and construction,
- debt service, and
- 16th Section land maintenance.

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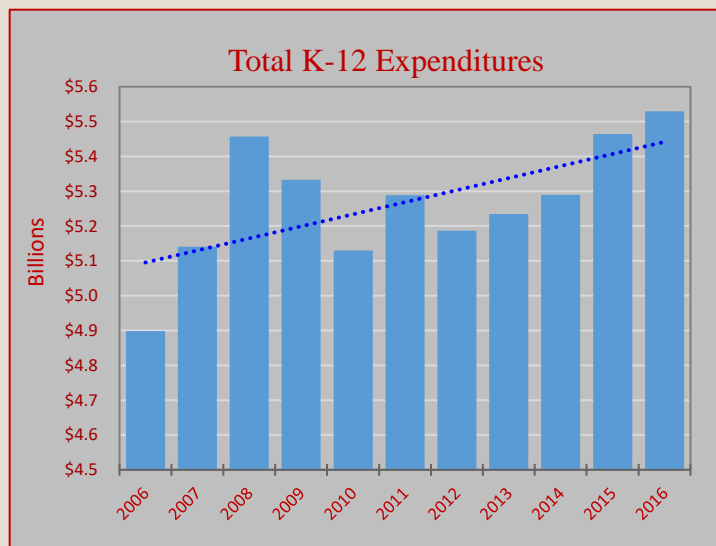
[1] Spending includes funds from federal, state, and local sources for all expenditure categories in the MDE Accounting Manual.

[2] The $11,000 assumes that the number of students, the number of teachers, and the amount of total spending remains steady.

Average Daily Attendance
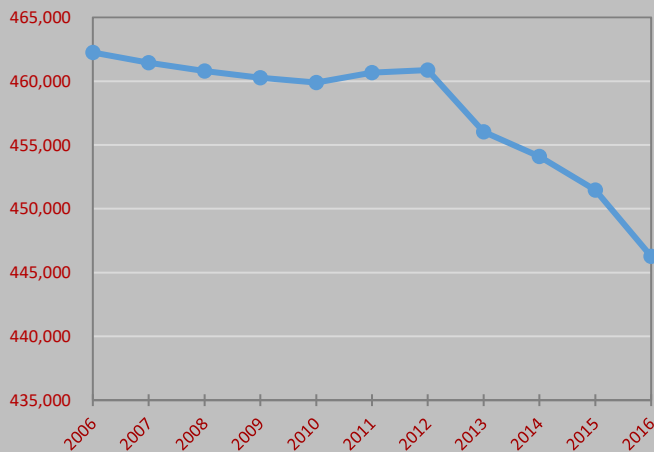
Outside-the-classroom spending has increased despite a *decrease* in the number of K-12 students and teachers over the last ten years. The number of students has decreased in Mississippi regardless of whether students are counted by enrollment (the number of students registered with a district) or by Average Daily Attendance (the number of students who actually attend school).

Ten years ago, when the total per pupil spending was $10,597, the amount of outside-the-classroom expenditures was $4,608 per student. As of the 2016-17 school year, total per pupil spending was $12,390 with outside-the-classroom expenditures at $5,411 per student, an increase of $803 per student.

ADA & enrollment have each decreased by 3% in the last decade.

	2006-07	
ADA		Enrollment
462,251		494,135
	2016-17	
446,275		481,428

Some of the outside-the-classroom accounts with the largest increases over the last decade include:

- administrative staff services (113%), which includes operations, recruiting, training, and accounting;
- information services (103%), which includes costs for producing "educational and administrative information" for students, staff, managers, and the general public;
- special area administration services (48%), which covers administrative responsibility for the chief business official and directors of programs;
- other financing uses (23%), which includes administration and costs related to financing and fund transfers; and
- other non-instructional services (15%), which includes activities for staff and other community programs such as programs for the elderly or working mothers.

Spending Outside-The-Classroom

Outside-the-classroom spending comes at the expense of teachers and inside-the-classroom spending. If the total amount of outside-the-classroom spending had dereased every year at the same rate as the decline in the number of students, Mississippi would be spending $358 million less on outside-the-classroom costs than we are now. The $358 million could have been reallocated to teachers' salaries or other instructional costs. The result would be an $11,000 teacher pay raise. Spending in the classroom[3] would have increased from 57% of total K-12 spending to 63%.

Even if outside-the-classroom spending had just been kept the same as it was ten years ago, and not been cut at the same rate as the decline of students, the state would still have $285 million more each year to spend in the classroom. Instead of classroom spending representing 57% of total K-12 expenditures as it does, it would have represented as much as 61%, and teacher pay could have increased by $9,000.

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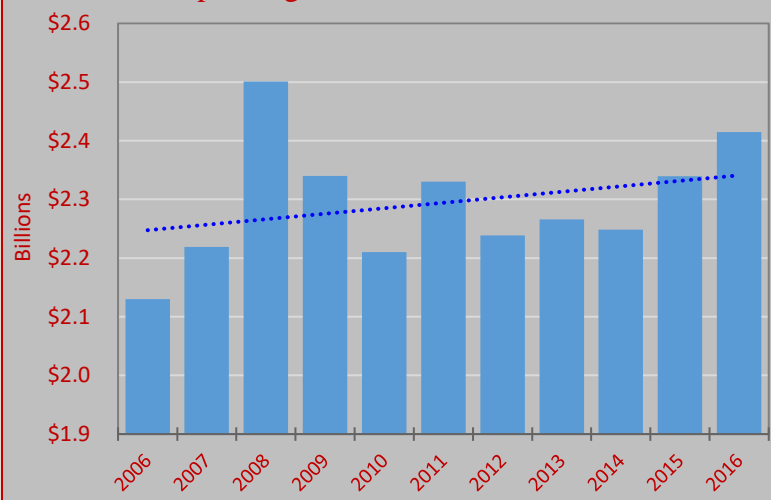
[3] *Classroom Spending is defined here as Instruction and Instruction Support expenditures.*

The chart below shows what Mississippi has actually spent in the classroom each of the last ten years (in powder blue) and what the state could have added to classroom spending if outside-the-classroom spending had declined at the same rate as the decline of the number of students (in blue and white).

What Classroom Spending Could Have Been

If Non-Classroom Spending Had Been Contained
Actual Classroom Related Expenditures
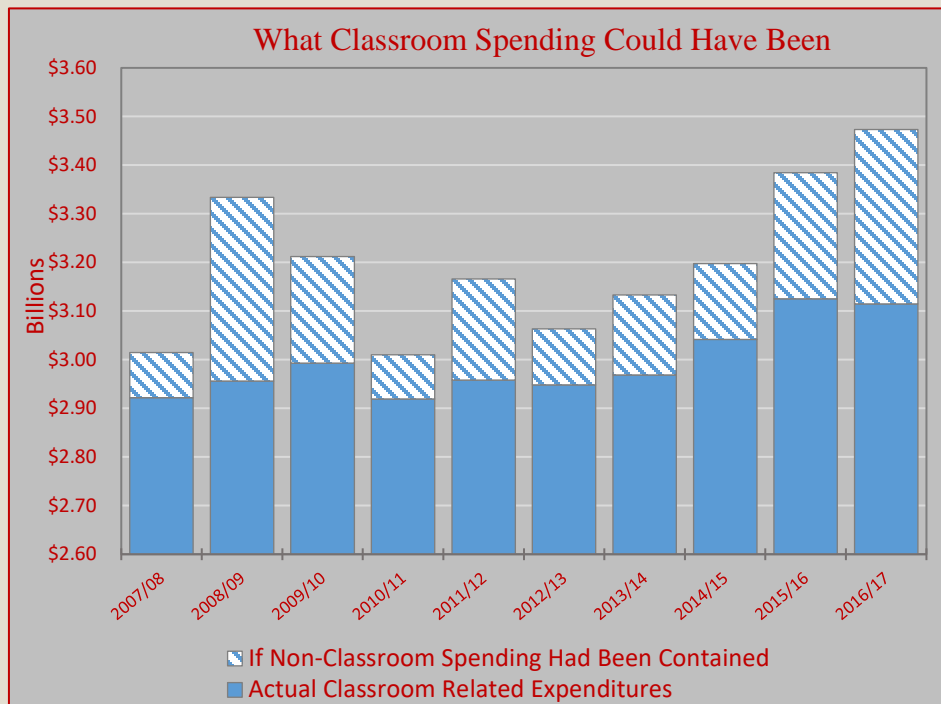
The failure to spend more money inside the classroom may have had an impact on Mississippi's ability to recruit and retain highly qualified teachers. The total number of classroom teachers has fallen by 1,083 since 2006-07, or 3%. Looking from 2007-08, a high mark for teacher employment, total teachers have declined by 8% as of the 2016-17 school year.

Number of Classroom Teachers
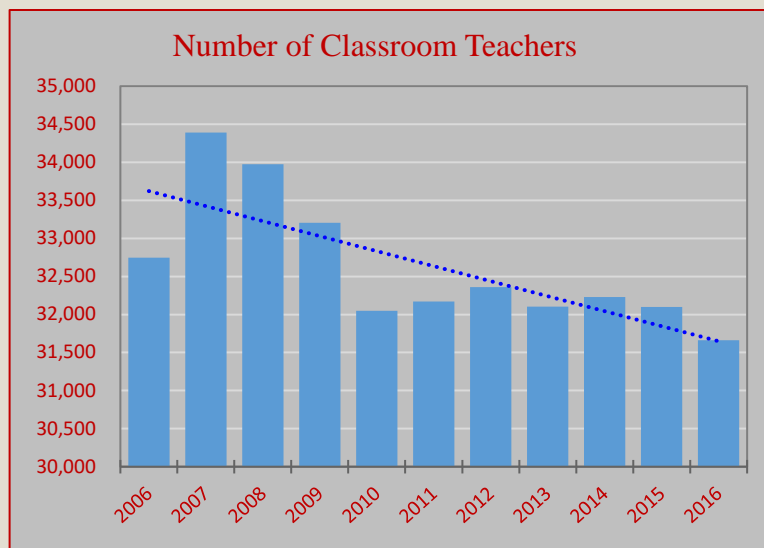
Total classroom teachers have decreased by 8% since 2007:

2007-08	**2016-17**
34,390	31,662

Our state's total spending on K-12 education continues to increase. Mississippi policymakers need to ask hard questions about where the money is going, whether teachers and students are benefitting enough, and whether the spending is making a difference in student outcomes. The Office of the State Auditor recommends education policymakers at all levels reevaluate why outside-the-classroom spending is increasing so rapidly, despite a decrease in the number of students and teachers, and the alternative ways this money could be used.[4]

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[4] *Data Source: Office of the State Auditor analysis of MS Department of Education data and the MDE Accounting Manual for School Districts*

MISSISSIPPI

Where Is All the Money Going?
An Analysis of Inside- and Outside-the-
Classroom Education Spending

March 2024

SHAD WHITE
State Auditor

Logan Reeves
Director, *Government Accountability*

Colby Ellis
Interim Director, *Government Accountability*

Executive Summary

Mississippi taxpayers spend more on public K-12 education than any other spending category in the state budget.[1] The Mississippi Office of the State Auditor (OSA) has published multiple reports since 2019 showing how Mississippi public schools spend taxpayer money. These reports have ranged from broad evaluations of statewide education spending to detailed studies of individual school districts. Now, analysts have obtained new data to show taxpayers updated information about how their money is spent on Mississippi's K-12 education system.

In April 2019, the Auditor's office released a report on educational spending in Mississippi primarily using data from the Mississippi Department of Education (MDE).[2] That report showed how Mississippi's education spending over a 10-year period (2006-2016) had failed to focus spending inside classrooms where it matters most. Administrative spending went up while the number of teachers and students went down. It also showed Mississippi could have redeployed $358 million annually—enough to fund thousands of dollars per teacher in pay raises—if spending outside the classroom had been kept the same, per student, over those ten years.

Another report from the Auditor's office, released in November 2019, compared education spending in Mississippi to that in other Southern states.[3] That report showed Mississippi spent a greater percentage of its education money on administration than every other Southern state except the District of Columbia, which was included in the analysis.

Since these reports were published, analysts have obtained new data and examined Mississippi's education spending trends. This report uses data primarily from the National Center for Education Statistics (NCES).[4] These new data show Mississippi continues to prioritize outside-the-classroom (OTC) spending—especially spending on administration—over inside-the-classroom (ITC) spending. As a result, **Mississippi could**

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[1] See Legislative Budget Office report.

[2] See report.

[3] See report.

[4] See NCES source. As noted in our previous report, educational spending can be broken down into four major categories: Instruction, Instruction Support, Administrative, and Non-Instructional. Instruction and Instruction support are considered "Inside the Classroom" spending, while Administrative and Non-Instructional spending are "Outside the Classroom" spending. MDE and NCES use different accounting codes. NCES codes STE1, STE22, STE23, and STE27 are encompassed by MDE codes 1105-2229 and 2610-2899 for instructional expenditures. NCES codes STE24, STE25, STE26, STE28, E3A1, E3B1, and E81 are encompassed by MDE codes 2310-2599, 2410-2499, and 3100-3300 for non-instructional spending. For a more detailed description for NCES see Common Core of Data, Glossary. For a more detailed description of MDE codes see this source. It should be noted that the data for AY 2021 includes funds received from COVID-19 Federal Assistance Funds. These funds cannot be fully broken into the categories used in this report for inside- and outside-the-classroom spending. The unaccounted funds equal approximately 0.43% of Mississippi's Total Current Expenditures for AY 2021.

invest over $144 million per year into public school classrooms by reaching the national average for percentage of education funds spent inside the classroom.

Mississippi continues to spend too much on administration despite a declining number of students.

Between Academic Year (AY) 2006 and AY 2021, the Mississippi ADA (average daily attendance of students) dropped by approximately 60,000.[5] Yet during that period administrative spending increased, even when adjusted for inflation.

Moreover, since 2006, administrative spending grew while ITC spending declined. For the period of AY 2006 to AY 2021, when adjusted for inflation, administrative spending in Mississippi grew by 6.51% while inside the classroom spending dropped by 7.76%.
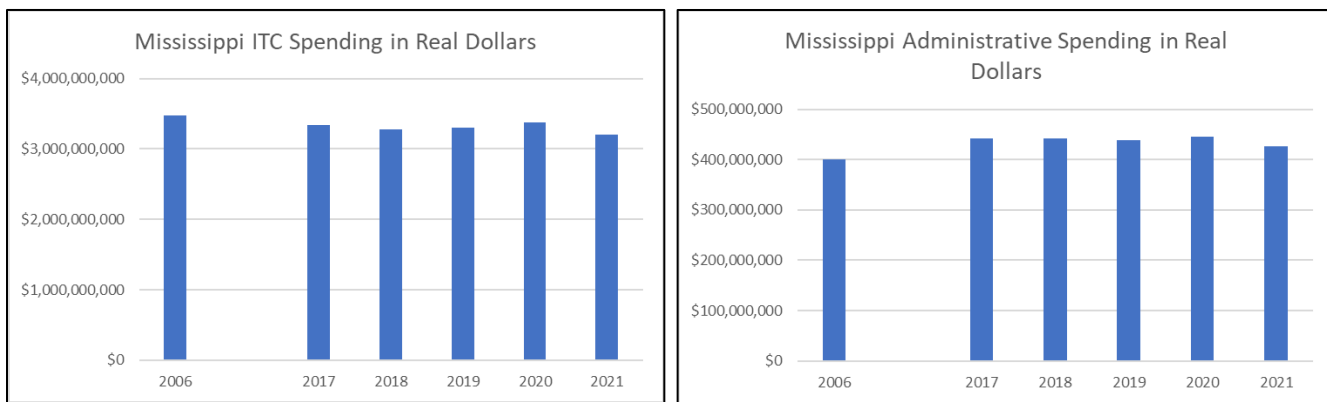
OTC and administrative costs increase for a variety of reasons according to past analyses of school districts by the State Auditor's office. These analyses showed many school districts have inefficient procurement processes, they make ineffective use of technology that has been purchased, they maintain unneeded buildings and property, and administrative salaries are high.[6] Some administrative salaries in school districts—particularly those of superintendents—exceed even the salary of Mississippi's governor.[7]

How does Mississippi compare to other states?

This updated analysis shows Mississippi spends a greater portion of its education budget on administration than any other state in the South. Only the District of Columbia spends a greater portion of its budget on administration.[8]

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[5] 2005 ADA taken from NCES Data. See MDE for ADA data from AY 2021.
[6] See Glimpse report.
[7] For Governor's salary see Miss Code Ann. § 25-3-31; for superintendent salaries see Mississippi Today article. It should be noted before January 2024, the Governor's salary was $122,160.
[8] All percentages for the states included in this comparison were calculated by OSA analysts using data provided by NCES.

Percentage of Administrative Spending in AY 2021

FLORIDA	6.42%
DELAWARE	6.44%
WEST VIRGINIA	6.91%
MARYLAND	7.27%
TEXAS	7.30%
VIRGINIA	7.38%
SOUTH CAROLINA	7.67%
ARKANSAS	7.81%
GEORGIA	8.01%
NATIONAL AVERAGE	8.09%
NORTH CAROLINA	8.16%
REGIONAL AVERAGE	8.20%
KENTUCKY	8.25%
TENNESSEE	8.46%
OKLAHOMA	8.73%
ALABAMA	8.85%
LOUISIANA	9.00%
MISSISSIPPI	9.59%
DISTRICT OF COLUMBIA	13.21%
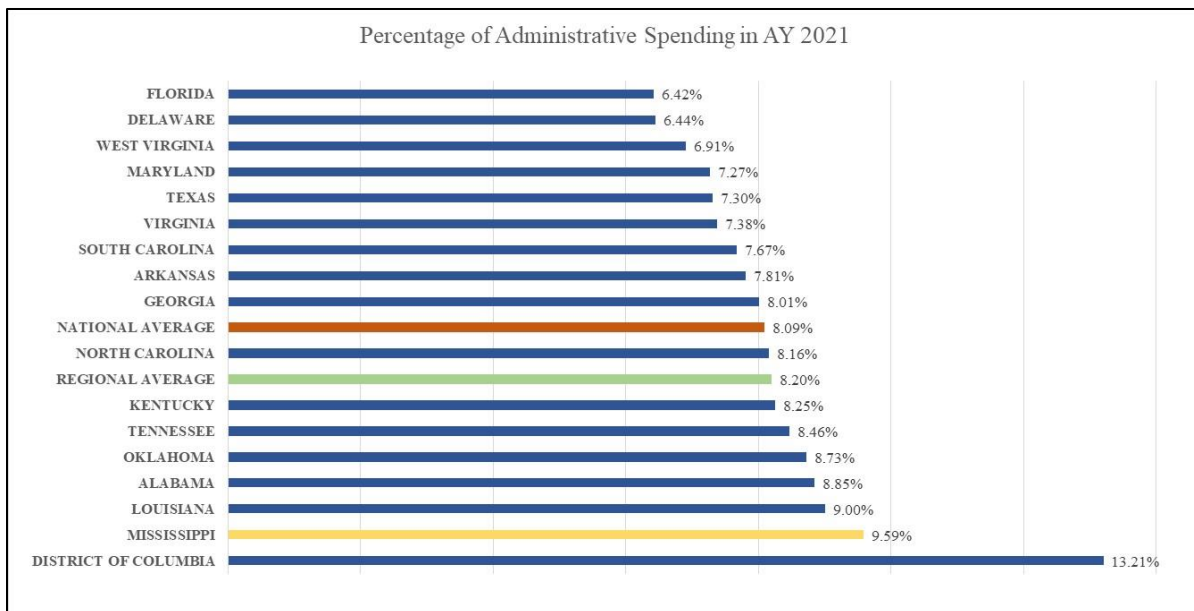
At 28.05%, Mississippi has one of the highest percentages of OTC spending in the South.

Percentage of Outside the Classroom Spending in AY 2021

MARYLAND	20.63%
TEXAS	21.27%
GEORGIA	23.27%
NORTH CAROLINA	23.34%
DELAWARE	23.39%
SOUTH CAROLINA	23.87%
ALABAMA	24.14%
FLORIDA	24.30%
NATIONAL AVERAGE	24.81%
KENTUCKY	24.88%
REGIONAL AVERAGE	25.26%
VIRGINIA	25.50%
WEST VIRGINIA	25.83%
ARKANSAS	26.63%
TENNESSEE	27.17%
MISSISSIPPI	28.05%
LOUISIANA	28.30%
OKLAHOMA	28.82%
DISTRICT OF COLUMBIA	29.53%

Does ITC spending actually matter?

National Assessment of Educational Progress (NAEP) scores are often used as a benchmark to compare states' education systems.[9] ITC spending is correlated with stronger performance in the classroom. Analysts found that of the states ranked in the bottom ten of 8th grade math and 8th grade reading scores—that is, states that scored the worst on these two different tests—eight states appeared in the bottom ten in both

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[9] See "The Nation's Report Card."

math and science. All eight of these states spent less than 75.01%[10] (the national average) of their respective total education budget inside the classroom. Mississippi spent a smaller portion of its education budget inside its classrooms than any of these other states with low test scores. The graphic below shows these states along with the respective portion of education expenditures spent inside classrooms.
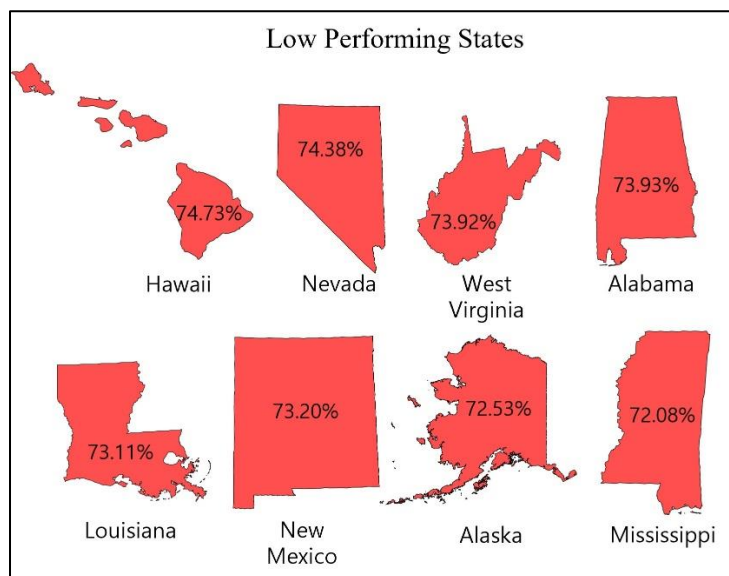
In contrast, six states made the top ten list for both 8th grade math and 8th grade reading scores. Five of these six states spent above the national average inside the classroom in 2019. The graphic below shows these states along with their respective portion of education expenditures spent inside classrooms.
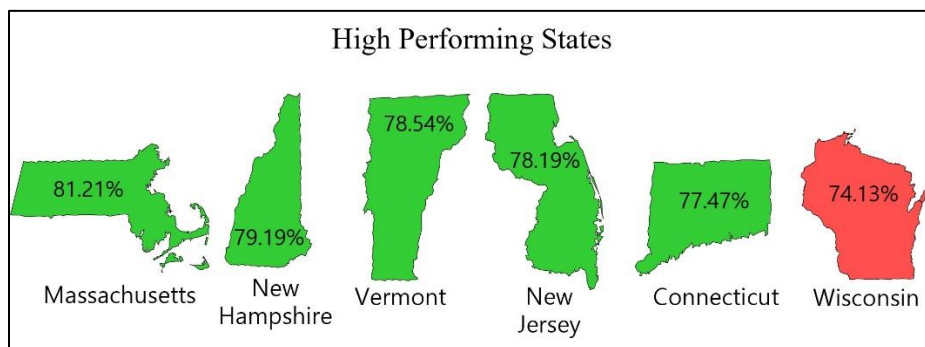
Targeted spending inside classrooms can improve student test scores.[11] If Mississippi capped outside the classroom spending at the national average and reallocated the savings into classrooms, it would mean an additional $144 million per year for teachers' salaries, classroom supplies, and other ITC expenditures.[12]

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[10] OSA analysts calculated the estimated national average of ITC using data from NCES. The estimated average was multiplied by Mississippi's Total Current Expenditures. Analysts then took the difference between Mississippi's Total Current Expenditures and the estimated national average to assess where Mississippi stands in comparison to other states.

[11] See Report.

[12] The national average for administration spending was 8.08% in AY 2020.

Conclusion

The number of students in Mississippi public schools is going down, but administrative spending continues to go up, even taking into account inflation. Mississippi still outpaces other Southern states on the percentage of our education spending that goes outside the classroom. Previous analyses from the State Auditor's office have shown ballooning administrative expenses and missed opportunities to prioritize spending inside classrooms where it directly affects children. This new analysis shows Mississippi has continued to prioritize spending on administration from AY 2006 to AY 2021.

Mississippi should ensure education spending is actually accomplishing the intended goal: providing better outcomes for the students. Despite research showing targeted ITC spending is correlated with better student outcomes, our state spends a smaller percentage of its dollars inside classrooms than most other states. Mississippi would have needed to reallocate over $144 million of its education spending just to bring its ITC spending in line with the national average.[13]

If Mississippi policymakers redeployed that $144 million, it could pay for approximately 90,000 new MacBooks, 17 million reams of paper, or send $4,500 annually to each teacher.

In the future, if the state reforms its public-school funding formula, it could consider several ideas to push more money into the classroom. For instance, if a school district is losing students but wants to increase its administrative spending, the school district could be required to write a clear justification that has to be approved by the state education board (Illinois does something similar). The state could impose penalties on school districts that are losing student population but are still increasing administrative spending, and then use those penalties to boost teacher pay. Or the state could cap the amount of money that shrinking school districts can spend on administrative costs at their current level (Texas does something similar).

Regardless of the solution chosen, state lawmakers should capitalize on the "Mississippi Miracle" and the momentum it provides by investing where it matters most: inside our classrooms.[14]

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[13] Data show only 71.95% of AY 2021 of Mississippi's education spending went to ITC expenses. The estimated national average was 75.19%.

[14] See Associated Press [article](#).

Appendix: XII
Career and Technical Programs with No Measurable Outcomes

MISSISSIPPI

Career and Technical Education
Needs Better, More Transparent Data

August 2020

SHAD WHITE
State Auditor

Jessica D. McKenzie
Director, *Performance Audit Division*

Executive Summary

Schools received $43.2 million in taxpayer dollars during school year 2018-2019 for the Career and Technical Education program, yet outcomes cannot be determined due to incomplete data

Key Conclusions

The Mississippi Department of Education (MDE) and the Statewide Longitudinal Data System (SLDS) do not accurately measure the impact the Career and Technical Education (CTE) program has on students. Auditors found that:

1. the intended outcomes of the program cannot be accurately measured;

2. the program is not being tracked and monitored appropriately;

3. the requirements in state law are not being met; and

4. the data utilized by MDE and Lifetracks to measure program success are conflicting.

To reach these findings, auditors conducted interviews, analyzed student transcripts, reviewed reporting practices, researched leading practices, and reviewed other states' statutes.

Recommendations Summary

The report includes five (5) recommendations to MDE; four (4) recommendations to Mississippi State University's (MSU) National Strategic Planning and Research Center's (nSPARC) Mississippi Lifetracks program; one (1) recommendation for the Legislature's consideration; and one (1) recommendation for the Office of the State Auditor (OSA) to complete a performance audit of MSU's nSPARC program. Note: MDE agreed with 4 of the 5 recommendations outlined for them.

Recommendations include:

- revising the MSIS placement report to only include all CTE completers upon graduation to ensure accurate program assessment;

- developing internal controls to ensure the Consolidated Annual Report is free of errors;

- developing a coordinated effort to ensure data quality and reliability;

- citing data limitations for public transparency;

- developing an annual internal audit of the CTE program;

- developing a standard reporting mechanism for the CTE program; and

- following Lifetracks' governing board guidelines.

Overview

Background

The government provides funding for over sixteen (16) individual career cluster curricula that are offered for Career and Technical Education (CTE) across the state. State funds constitute $43.2 million, while $6.6 million is provided by the federal government for a total of $49.8 million. These programs are designed to prepare students for post-secondary education, or provide alternatives to entrance into a four-year university or college after high school graduation. According to the Mississippi Department of Education (MDE) Office of Career and Technical Education, there are more than 500 schools and 15 community and junior colleges offering CTE instruction in 49 distinct occupational areas.[1]

According to the United States Department of Education (USDE),[2] students who focused on CTE courses while in high school had higher median annual earnings eight (8) years after their expected graduation date than those students who obtained a high school diploma without focusing on CTE. The USDE also reports that nationwide, 94% of high school CTE concentrators graduated by the expected graduation year compared to 85% of high school non-CTE concentrators. In Mississippi, the average graduation rate from 2015-2018 for CTE concentrators was 94%, while the rate for non-CTE concentrators was 83% (based on information provided to auditors by MDE).

The federal funds reviewed were those provided by the *Carl D. Perkins Career and Technical Education Improvement Act* of 2006, known as the *Perkins IV Act*. It amended the *Carl D. Perkins Vocational and Technical Education Act* of 1998. The *Perkins IV Act* (P.L. 109-270)[3] was signed into law on August 12, 2006. The *Act* was authorized through FY2012, which ended on September 30, 2012.

The authorization was extended through FY2013 under the *General Education Provisions Act*, although the *Act* continues to receive appropriations through 2016 and further. The purpose of the *Perkins IV Act* is to more fully develop the academic, career, and technical skills of secondary education students and postsecondary education students who elect to enroll in career and technical education programs.

As outlined by the Perkins Collaborative Resource Network,[4] there are six (6) required core indicators of performance in secondary education:

- academic attainment in reading/language arts/mathematics;
- technical skill attainment;
- secondary school completion;
- student graduation rate;
- secondary placement; and
- nontraditional participation/nontraditional completion.

States are required to report annually on these core indicators with disaggregated data on the performance of students by race, ethnicity, gender, and special population categories.

The Mississippi State University (MSU) Research and Curriculum Unit (RCU)[5] was established in 1965 to serve as the research coordinating unit for vocational-technical education. MSU RCU exists to benefit K-12 and higher education by developing curricula and assessments, providing training and learning opportunities for educators, researching and evaluating programs, supporting and promoting career and technical education, and leading education innovations. MSU RCU administers testing for CTE students. The career cluster pathways and the program area/curriculum for each are listed in Exhibit 1 on the following page.

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[1] MDE Office of Career and Technical Education
https://www.mdek12.org/CTE

[2] United States Department of Education-*Bridging the Skills Gap: Career and Technical Education in High School*
https://www2.ed.gov/datastory/cte/index.html#WHOGRADUATESFINDSAJOB

[3] Carl D. Perkins Career and Technical Act of 2006 (Perkins IV Act)
https://s3.amazonaws.com/PCRN/uploads/perkins_iv.pdf

[4] Perkins Collaborative Resource Network
https://cte.ed.gov/accountability/core-indicators

[5] MSU Research and Curriculum Units https://www.rcu.msstate.edu/

Exhibit 1
Career Pathways

Cluster Title	Program Area/Curriculum
Agriculture, Food, and Natural Resources	• Agriculture and Environmental Science and Technology (AEST) • Agricultural and Natural Resources (ANR) • Agriculture Power and Machinery • Aquaculture • Food Products (Meats) • Forestry • Horticulture
Architecture and Construction	• Architecture and Drafting • Carpentry • Electrical • Heating, Ventilation and Air Conditioning (HVAC)
Arts, Audio-Video Technology, and Communications	• Digital Media Technology • Simulation and Animation Design • Television Broadcasting and Production
Business Management and Administration	• Management
Education and Training	• Teacher Academy
Finance	• Finance and Accounting
Health Science	• Healthcare and Clinical Services • Sports Medicine
Hospitality and Tourism	• Culinary Arts • Lodging, Hospitality, and Tourism
Human Services	• Cosmetology • Early Childhood Education
Information Technology	• Information Technology
Law, Public Safety, Corrections, and Security	• Law and Public Safety
Manufacturing	• Furniture Design and Manufacturing • Industrial Maintenance • Instrumentation Technology • Metal Fabrication • Precision Machining • Welding
Marketing	• Marketing
Science, Technology, Engineering, and Mathematics	• Engineering • Polymer Science
Transportation, Distribution, and Logistics	• Automotive Service Technician • Collision Repair Technician • Diesel Service Technician • Heavy Equipment Operation • Transportation Logistics

Source: Prepared by auditors using information obtained from the MSU Research and Curriculum Unit

Note: All career cluster pathways are available for school districts to teach except Government and Public Administration, because the Mississippi State University Research and Curriculum Unit does not have the curriculum available.

In this review, auditors attempted to answer the following questions:

1. Are the programs meeting the intended outcomes?
2. Are the programs being tracked and monitored appropriately?
3. Are the requirements outlined in state law being met?
4. Are the data submitted by MDE to Mississippi Lifetracks (SLDS) accurate when compared to the sample population?

School districts were sampled by dividing the state into five (5) regions: Delta, Hills, Pines, Capitol River, and Gulf Coast. Three (3) school districts were randomly chosen from each region, totaling fifteen (15) school districts. During the review, each school district received an on-site visit. Transcripts of students who were seniors and pathway completers were analyzed for the school years 2014-2015, 2015-2016, 2016-2017, and 2017-2018. Each CTE director was interviewed, and all student transcripts were inspected to verify that graduation requirements were met. The students' GPA and career pathway were also noted. A map of the state indicating the sample school district locations within the five (5) regions is displayed in Exhibit 2 below.

Exhibit 2
Regional Map with Sample School Districts

Gulf Coast:

- Picayune School District
- Lamar County School District
- Hattiesburg School District

Hills:

- Calhoun County School District
- Prentiss County School District
- DeSoto County School District

Delta:

- South Delta School District
- Hollandale School District
- Greenville Public School District

Pines:

- Kemper County School District
- Louisville Municipal School District
- Lauderdale County School District

Capitol River:

- Franklin County School District
- Brookhaven School District
- Natchez-Adams School District

Source: Prepared by auditors using data obtained from the Mississippi Automated Resource Information System (MARIS)

Program Impact Cannot Be Determined

Agencies are not fully capturing information on student job placement or salaries after graduation

Criteria:

The Mississippi Department of Education (MDE) established rules governing career technical education programs. Rule 83.2(1)(a) of MDE's administrative code states, "Skill programs at the secondary level shall be limited to 9th, 10th, 11th, and 12th grade students." The Mississippi Student Information System (MSIS) generates a placement report that contains the names of students completing a pathway. Schools are required to collect and enter information about the completers' job or educational status into MSIS one (1) year after completion of a pathway.

In 1994, the Legislature passed the *Mississippi Performance Budget and Strategic Planning Act*. The *Act* was created to improve the state's incremental, line-item, budgeting process by collecting and analyzing data measuring the performance of state agency programs, and the use of this information to deliver public resources to those programs and activities proven to work most efficiently and effectively in achieving targeted results. According to *Building a Better Mississippi: A Statewide Strategic Plan for Performance and Budgetary Success* (2014), the document is meant to hold state government accountable for maximizing the results that it achieves with taxpayer dollars.

The statewide goal is to make available a quality K-12 public education for all Mississippians, upon high school graduation, to either enter the work force with an employable skill or to successfully complete a higher education program. The benchmarks for Career and Technical Education are as follows:

- percentage of high school students enrolled in a career and technical education program;

- percentage of high school students enrolled in career and technical programs who earn an approved industry certification, by career pathway;
- percentage of students earning an approved industry certification who obtain a job in Mississippi in their area of certification; and
- average starting salary of students earning an approved industry certification who obtain a job in Mississippi in their area of certification. [6]

These benchmarks are published by the *Statewide Longitudinal Data System* (SLDS), as established by Miss. Code Ann. §37-154-1. The SLDS manages a publicly published system entitled, Mississippi Lifetracks. Data collected from MDE's Mississippi Student Information System (MSIS) is entered into Lifetracks for compilation and publication. Lifetracks was designed to help meet data needs for reporting requirements and to answer critical policy questions relevant to education, workforce, and economic development. Although Lifetracks collects data from MDE, the two entities are not related. MDE states that it is not responsible for the methodology that Lifetracks establishes for data collection, analysis, and reporting.

Lifetracks also asserts that it is an interoperable data system that securely and efficiently facilitates research and analysis that will enhance the state's ability to link, match, and share education and workforce data leading to an enriched ability within the state to improve career-readiness outcomes and enhance success in the economy. [7] The Lifetracks system was developed and is maintained by the National Strategic Planning and Research Center (nSPARC) at Mississippi State University.

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[6] Building a Better Mississippi
https://www.peer.ms.gov/Documents/strategic_plan.pdf
[7] Lifetracks SLDS https://lifetracks.ms.gov/

In addition to the CTE benchmarks published by Lifetracks, MDE publishes the Consolidated Annual Report (CAR), which is submitted by states to the federal government annually. It is a cross-sectional survey that reports annual enrollment, financial, and performance data on their progress in achieving state levels of performance on the core indicators of the *Perkins IV Act*, the federal funding source for career and technical education programs.

Condition, Cause, and Effect:

The Mississippi Department of Education is not accurately tracking student career pathway employment after graduation. As noted, MDE's policies and procedures manual chapter 83, rule 83.2 (1)(a) states "Skill programs at the secondary level shall be limited to 9th, 10th, 11th, and 12th grade students." Since students are enrolling in pathways as early as ninth (9th) grade, and completing their training prior to entering the twelfth (12th) grade, the current system of tracking job placement after graduation is not adequate.

Students who enroll in a pathway early skew the outcome data. The MSIS placement report is designed to track students for one (1) year after completing a pathway, not graduation. Students who complete their pathway prior to the twelfth (12th) grade will not be accurately tracked. They are instead documented as "continuing education" and no further information is collected on their employment status after graduation.

The number of Career and Technical Education (CTE) students reported by MDE in the Perkins IV Consolidated Annual Report (CAR) conflicts with the number reported by the SLDS, Lifetracks. There is a large disparity in the reported information for each data source. Further review revealed that Lifetracks and MDE are capturing information from different grades.

During the review, it was found that for the audit scope years 2017 and 2018, MDE reported the same numbers each year for enrolled participants and concentrators for Mississippi CTE secondary students. Erroneous data reporting can result in inaccurate payments, withheld payments, or sanctions.

Auditors also compared Lifetracks' data on the number of CTE participators to what was reported by MDE in the 2015, 2016, 2017, and 2018 CARs. There appears to be inconsistent application of the terminology and resultant data measurement from one source to the other.

- Lifetracks' report for secondary CTE participators defines the population as a CTE student who is pursuing the completion of a two-year, occupation-related CTE program of study.
- MDE's CAR submitted for the *Perkins IV Act* defines the *Secondary CTE* participator as a student who has earned credit in 1 (one) or more courses in any CTE Workforce Development Program Area.

MDE's definition of a *concentrator* is a student who is enrolled, but has not completed the second course of CTE in the same program area. It is more similar to Lifetracks' definition of a *participator*; however, no measurement is the same.

- Lifetracks' participator ad hoc report measures level 1 (1st year of course) and level 2 (2nd year of course) CTE students in grades 9-12.
- MDE CAR participators measures level 1 and 2 CTE students in grades 7-12.
- MDE CAR concentrators measures level 2 CTE students in grades 10-12.

The disparity between Lifetracks data and the MDE CAR report is shown in Exhibit 3 on page 6 below.

Exhibit 3
Lifetracks vs MDE CAR report
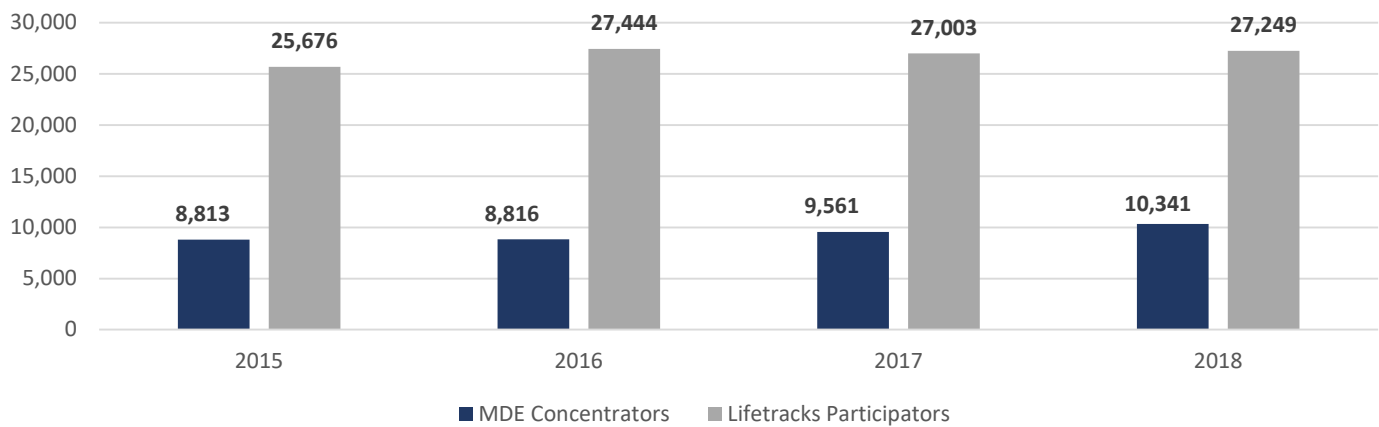
Source: Prepared by auditors using data provided by Lifetracks and the *MDE CAR Report* (2015-2018)
Note: MDE measures concentrator enrollment for grades 10-12; Lifetracks measures participator enrollment for grades 9-12

OSA was unable to determine if the measurement of salaries for CTE graduates one year out of school is accurate and consistent. Auditors were able to determine the method that Lifetracks uses for calculating salaries, but could not verify the accuracy of the salary information due to COVID-19.

According to nSPARC (Lifetracks), the annual earnings for CTE high school graduates is calculated as follows:

- "identify graduates
    MDE CTE participators who graduated high school and did not enroll in a Mississippi public community college or Mississippi public university within 16 months of graduation;
- identify employed graduates
    a graduate is classified as employed if quarterly unemployment insurance wage data from MDES shows a wage within the 1st year after graduation; and
- average annual earnings
    for graduates employed within one year of graduating high school, the 2nd and 3rd quarters after the first employment quarter are used to calculate the average annual earnings."

To verify employment data in nSPARC, inquiries were made with the Mississippi Department of Employment Security (MDES), as follows:

- How are graduates identified within the employment data?
- How are salaries of secondary CTE graduates matched to their wages?
- How are those salaries linked with their industries?

The employment data that MDES receives is through the employer's quarterly tax and wage records. Employers registered with MDES are required to submit quarterly gross earnings wage records for their employees during each calendar week the worker is employed. MDES does not receive occupational, demographic, or educational data with the wage records.

Due to the COVID-19 pandemic, the MDES Unemployment Insurance division that collects wage data is currently unable to assist with further information on how the salaries are actually linked to graduates in a specific industry. Therefore, a conclusion on the accuracy of the reported wage data cannot be determined at this time.

To summarize, policymakers and the public are being provided an incomplete assessment of CTE's effectiveness. The employment data of CTE completers prior to graduation are not being tracked. Also, MDE and Lifetracks are using different definitions for students in the program, and MDE has submitted duplicate numbers from the previous report years, meaning the outcome data for those student participants is not correct. Finally, the accuracy of salary information cannot currently be verified.

Recommendations

1. OSA recommends that MDE modify the MSIS Placement Report so that CTE pathway completers are added to the list upon graduation from high school, instead of when the pathway is completed. This will allow the student's employment after graduation to be accurately tracked.
2. MDE should develop a policy and related controls to assure supervisory review of reports prior to submitting data for use in the Consolidated Annual Report (CAR) to ensure that the submission is free from errors and/or duplications of previous years' data.
3. MDE's Office of Data Analysis and Reporting and the Office of Career and Technical Education should work closely with the SLDS to ensure data acquired from CTE programs is current and accurate. Definitions of student groups and measurements should be consistent in all reporting.
4. MDE's CAR report data and Lifetracks should both be derived from MSIS to ensure CTE programs are being measured consistently and accurately. For example, the State of Tennessee Department of Education's enrollment information is entered by district staff into the school information systems package and is extracted in the Education Information System, which is similar to the Mississippi Student Information System (MSIS). The information is displayed in eTIGER (Tennessee's CTE data reporting system). A similar procedure should be implemented by MDE for how Lifetracks obtains their data on CTE enrollment.
5. Mississippi Lifetracks should cite the limitations of the data being used to calculate the benchmarks published for the CTE program until the issues regarding data quality are resolved.
6. MDE's Internal Audit division should complete an annual audit of data used to measure CTE program success to ensure appropriate measures are used, as well as the accuracy and reliability as outlined in the Government Accountability Office's Grey Book titled *Assessing the Reliability of Computer-Processed Data*.
7. OSA should conduct a full performance audit of Mississippi State University's nSPARC and Mississippi Lifetracks once future legislative appropriations for SLDS have been established.

Matters for Legislative Consideration

1. Approximately 87% of CTE program funding is derived from the State of Mississippi, therefore the Legislature may wish to consider developing statutory language that requires MDE to develop a standard reporting mechanism, providing uniform definitions of performance measurements for the Career and Technical Education program with references for the source of the data used, method of calculation, and other items that will ensure clarity for readers to understand the data source, as well as ensure data quality and reliability. An example from the State of Tennessee is provided in the following link: https://www.tn.gov/content/dam/tn/education/ccte/cte/cte_data_report_card_definitions.pdf

Other Matters: SLDS Governing Board Bylaws

The Statewide Longitudinal Data System Governing Board does not comply with their bylaws

Criteria:

Miss. Code Ann. §37-154-3 established the Statewide Longitudinal Data System (SLDS) Governing Board consisting of a representative from each agency or entity providing data into the system. The SLDS Governing Board is required to develop and promulgate all rules and regulations governing the activities of the Board in accordance with applicable state and federal laws. The Board is authorized to contract the management and maintenance of the system with a third party and ensure Board policies and procedures are enforced.

According to the SLDS Governing Board Bylaws,[8] adopted on July 8, 2013, the Board shall meet at least three (3) times per state fiscal year and all meetings shall be in compliance with MS Code §25-41-11(1), also known as the *Open Meetings Act.* The *Act* states that minutes shall be recorded within a reasonable time not to exceed thirty (30) days after recess or adjournment and shall be open to public inspection during regular business hours.

SLDS Governing Board responsibilities:
1. identify critical research and policy questions that need to be addressed by education (P-20, pre-school through college completion) and workforce programs;
2. identify reports and other information that should be available to education, workforce entities, and other public stakeholders;
3. develop a funding mechanism for sustaining the system after it is developed;
4. define and maintain standards for privacy, confidentiality, and security of data; and

5. perform other advisory functions that are necessary for the successful continuation and management of the longitudinal data system.

The system was developed and is maintained by the National Strategic Planning and Analysis Research Center (nSPARC) at Mississippi State University. The initial agencies participating in the SLDS Governing Board and nSPARC have worked collaboratively to secure funding through the United States Department of Education. Since 2009, Mississippi has received $17.5 million from the Statewide Longitudinal Data Systems Grant Program[9] through the National Center for Education Statistics.

The 2015 grant included start-up funds for an Office of Research and Statistics. MDE operates the Office of Data Analysis and Reporting[10] for the purpose of fulfilling data requests, state and federal data reports, and data analysis services to MDE program offices. The SLDS has not received legislative appropriations for fiscal years 2020 or 2021. Fiscal year 2020 was the final year for the five (5) year agreement with nSPARC. The University has committed to completing the agreement regardless of funding. Currently, there are no SLDS activities for fiscal year 2021. A diagram of how these entities relate to one another is provided in Exhibit 4 on page 9 below.

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[8] Lifetracks SLDS https://lifetracks.ms.gov/pdfs/SLDS-Governing%20Board%20Bylaws-Adopted%202013-07-08.pdf
[9] IES National Center for Education Statistics https://nces.ed.gov/programs/slds/state.asp?stateabbr=MS

[10] MDE Office of Data Analysis and Reporting https://www.mdek12.org/OTSS/ODAR

Exhibit 4
Entity Relationship: MDE; MSU; SLDS Governing Board; nSPARC; and Mississippi Lifetracks
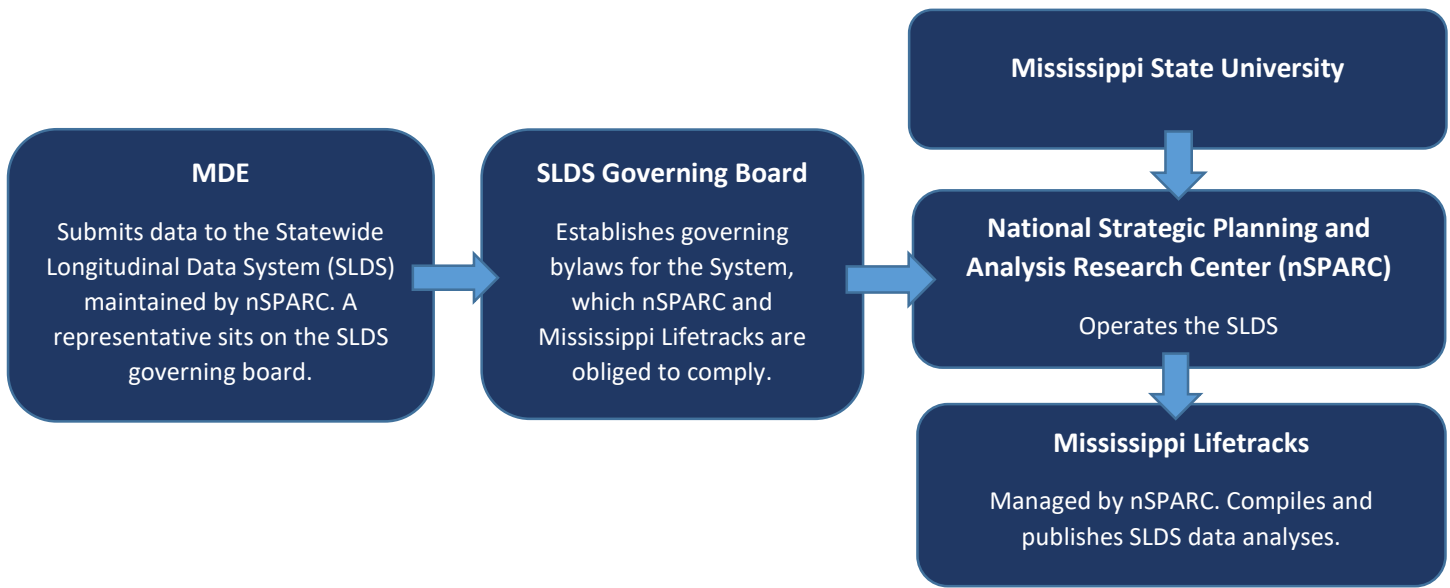
Source: Prepared by auditors using information from MDE and nSPARC

The Mississippi Legislature has provided funding through the education budget starting in fiscal year 2014 to 2019, totaling $8.2 million. The breakdown of funding is located in Exhibit 5 below.

Exhibit 5
Mississippi Statewide Longitudinal Data System/Lifetracks Funding

Date	Award	Grant Name
6/1/2009	$3,387,308	MS PK-16 Longitudinal Data Initiative-MDE
7/1/2010	$7,569,716	MS Integrated and Workforce Long. Data System-MDE
10/1/2015	$6,588,210	MS PK-16 Data Initiative-MDE
Total:	$17,545,234	
Date (FY)	Amount	Legislative Funding
2014	$1,800,000.00	HB1648
2015	$1,800,000.00	HB1476
2016	$1,800,000.00	HB1536
2017	$1,600,000.00	HB 1643
2018	$800,000.00	HB 1502
2019	$400,000.00	HB 1592
2020	$0	No Appropriation
2021	$0	No Appropriation
Total:	$8,200,000.00	

Source: Prepared by auditors using data from Lifetracks

Condition, Cause, and Effect:

Meetings have not been posted on the Lifetracks' website since April 10, 2017. Three (3) subsequent Board meeting minutes were not posted until late January 2020, the last being September 12, 2019. Therefore, the SLDS Governing Board has not complied with their bylaws, which are intended to promote transparency.

Additionally, the list of Board meetings indicated that there were no meetings for an eighteen (18) month period between September 14, 2017, and May 2, 2019. The Board met only once in the fiscal years 2017 through 2019. Meeting minutes from April 10, 2017, through May 2, 2019, were not posted to the Lifetracks website until January 2020 and after.

If they met and did not record their minutes within 30 days, as is required by the *Open Meetings Act* (OMA), Miss. Code Ann. §25-41-11(1), then they would be in violation of said *Act*.

Failure to adhere to established bylaws, such as conducting mandated board meetings, signifies a weak control environment and could potentially result in failure to identify and correct important issues facing the Statewide Longitudinal Data System. The number of Board meetings and published minutes are shown in Exhibit 6 below.

Exhibit 6
Board Meetings and Minutes

Fiscal Years	2014	2015	2016	2017	2018	2019
Number of Board Meetings Indicated	6	3	3	1	1	1
Meeting Minutes Posted	5	3	3	1	1	1

Source: Prepared by auditors using data obtained from Lifetracks

Recommendation

1. Lifetracks' Governing Board should follow established rules and regulations set forth in their bylaws or be disbanded for failure to comply with state law. Given the amount of data coming from MDE with regard to the Career and Technical Education program, it is imperative that the Board function as a proper oversight body. If the data being submitted to the SLDS cannot be trusted, then it defeats the purpose of the SLDS entirely.

Other Matters: Resources and Flexibility Needed

Instructor shortage, scheduling, rigorous academic testing, and early graduation present obstacles to enrollment & completion

Career pathways offered at each school can vary widely. School districts most often choose pathways based on student interest, funding, instructor availability, and local industry opportunities. Scheduling conflicts, low budgets, inadequate facilities, and instructor shortages can also play a role in the pathways offered. Sometimes the pathways offered may not be best suited to the students' needs. School district surveys revealed that the communication and technical assistance provided to them by the Office of Career and Technical Education has been improving from previous years.

Surveys were sent to the fifteen (15) sampled school districts requesting a list of all pathways offered in their districts and to provide an explanation for why certain pathways were not offered. The surveys revealed a variation of pathways offered at school districts, with explanations including: lack of funding; lack of local industry/jobs to support a pathway; competition with dual credit academic courses; building capacity; and low enrollment/interest in a pathway. In addition, it was found that some school district CTE programs have

formed partnerships with local community colleges allowing students to attend a career technical class that is not offered in the district's career tech facility.

Auditors recorded the CTE pathways of each student sampled at the fifteen (15) school districts. **Health Science** had the highest number of completers, followed by **Architecture and Construction**, and **Science, Technology, Engineering and Math**. The bottom three (3) pathways with the lowest enrollment in the sampled school districts were **Finance**, **Marketing**, and **Information Technology**. The low enrollment for these pathways may be due to a low number of school districts in the sample offering these courses and may not reflect a lack of student interest.

The top five (5) pathways for completers in the sample of students is shown in Exhibit 7 below. The most chosen pathways in each region and in the State, as well as the number of students in the sample population who received a certification in their pathway can be found in Appendix C.

Exhibit 7
Average percentage of pathways selected by students
(15 School Districts, 2015-2018)
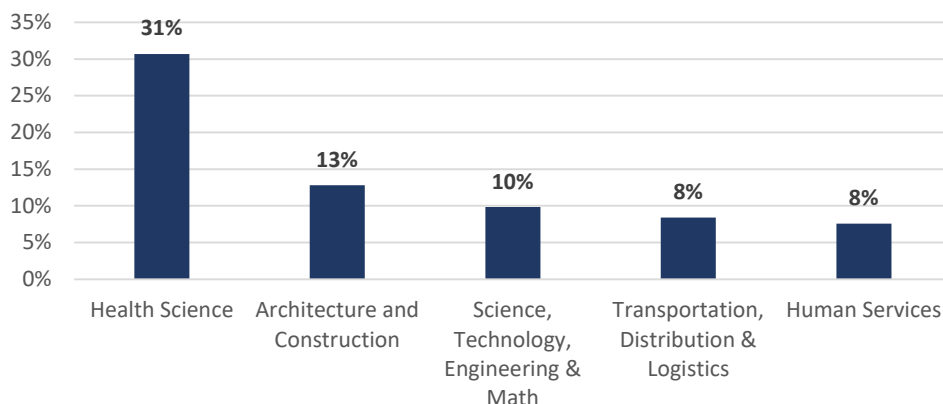
Source: Prepared by auditors using data provided by school districts

In addition to the surveys, interviews were conducted on-site with district CTE directors. They revealed several additional obstacles to student enrollment and completion of a pathway such as shortage of instructors, student scheduling, rigorous academic testing, and early graduation. MDE has a *Local Plan Update* process each Spring where school districts can request approval of new and conversion programs. The Office of Career and Technical Education assists them in determining those programs.

Because not all pathways are available to each student, some students will miss the opportunity to gain a skill in an occupation that is of most interest to them. Although it may not be practical or feasible for a school district to offer all pathways, MDE should continue to provide school districts with assistance in making the best pathway choices available to students.

MDE has begun using the comprehensive local needs assessment (CLNA) that is now mandated through the *Perkins Act*. The CLNA is being used to assist local school districts in identifying appropriate pathways. Meetings were held during the 2019-2020 school year so that secondary and post-secondary CTE directors would analyze local labor market data in order to determine the pathways that were needed in each area of the State.

MDE states that it is currently working with Hanover Research to gather data on the pathways needed in each region so they will have another data source to assist districts in making programmatic decisions.

APPENDIX A: MDE Management Response

MISSISSIPPI DEPARTMENT OF EDUCATION

Carey M. Wright, Ed.D.
State Superintendent of Education

July 15, 2020

Mr. Shad White, State Auditor
Office of the State Auditor
Post Office Box 956
Jackson, MS 39205-0956

Dear Mr. White:

The Mississippi Department of Education (MDE) has reviewed the Office of the State Auditor's (OSA) performance audit report for the Office of Career and Technical Education (CTE), completed between October 2019 and July 2020. The MDE disputes the OSA report because it contains inaccurate findings and it holds MDE responsible for work conducted by the National Strategic Planning and Research Center (nSPARC) at Mississippi State University. The MDE has the following concerns with the audit report:

- nSPARC and Lifetracks are not under the jurisdiction of the MDE. The MDE is not responsible for the actions and/or guidelines of Lifetracks' governing board. Any findings regarding nSPARC and Lifetracks should be in a separate report.
- The data comparisons (Page 5, Exhibit 3) for CTE participants and concentrators as measured by the MDE and nSPARC are not valid because two different groups of students were included in the calculations.

Attached is a response to the draft report that outlines our concerns. We look forward to seeing the final report released, and we are requesting that our response be included as an addendum to the final OSA report.

Regards,

Carey M. Wright, Ed.D.
State Superintendent of Education

Attachments:
Management Responses to the State Auditor

POST OFFICE BOX 771 • JACKSON, MISSISSIPPI 39205 • (601) 359-3512 FAX (601) 359-3242

Mississippi Department of Education
Management Responses to the
Office of the State Auditor
Career and Technical Education (CTE) Performance Audit

AUDITOR COMMENT	MDE RESPONSE
Executive Summary (no page number) **Finding 4:** The data utilized by MDE and Lifetracks to measure program success are conflicting. **Recommendation 6-7:** Developing a standard reporting mechanism for the CTE program; and following Lifetracks' governing board guidelines or risk being disbanded.	nSPARC and Lifetracks are not under the jurisdiction of the MDE. As such, reports for these entities should not be included in an MDE audit report. The MDE submits data in accordance with federal reporting requirements under the Perkins Act. While the MDE is willing to work with nSPARC to build an understanding of how MDE data are reported, the agency is not responsible for the methodology that Lifetracks establishes for data collection, analysis, and reporting. MDE is not responsible for actions and/or guidelines of Lifetracks' governing board.
Page 4 Lifetracks also asserts that it is an interoperable data system that securely and efficiently facilitates research and analysis that will enhance the state's ability to link, match, and share education and workforce data leading to an enriched ability within the state to improve career-readiness outcomes and enhance success in the economy.	A manual process is required for the MDE to exchange data from the Mississippi Student Information System (MSIS) with Lifetracks. The MDE does not view this process as an interoperable data exchange. nSPARC and Lifetracks are not under the jurisdiction of the MDE. As such, reports for these entities should not be included in an MDE audit report.
Page 5 The number of Career and Technical Education (CTE) students reported by MDE in the Perkins IV Consolidated Annual Report (CAR) conflicts with the number supported by	The MDE followed the definitions of a CTE participant and concentrator as defined in the state's Perkins IV plan, to meet Section 113(c)(1)-(2) of *The Carl D. Perkins Career and Technical Education Act of 2006*. During Perkins IV, CTE participants were students completing one course in CTE, and CTE concentrators were students who enrolled but had

AUDITOR COMMENT	MDE RESPONSE
the [State Longitudinal Data System] SLDS, Lifetracks.	not yet completed the second course of CTE in the same program area. Exhibit 3 is not a valid comparison because it reflects two different groups of students. The MDE concentrator statistics reflect only CTE students who enrolled in the second year of a CTE program while the Lifetracks participator statistics reflect students enrolled in both the first and second year of a CTE program. For this to be a fair comparison, the chart needs to be modified to include MDE CTE participants for years 2015-2018. Furthermore, nSPARC and Lifetracks are not under the jurisdiction of the MDE.
Page 5 During the review, it was found that for the audit scope years 2017 and 2018, MDE reported the same numbers each year for enrolled participants and concentrators (students who completed one year of a pathway and are enrolled in the second year of the same pathways) for Mississippi Secondary CTE students. **Page 6** MDE has submitted duplicate numbers for the previous report years, meaning the outcome data for those student participants as not correct.	Former staff within the Office of Career and Technical Education uploaded duplicate completer and participant data for the 2017 and 2018 CAR reports. The data for each year was reexamined and reporting has been updated to include the correct data. The Office of Career and Technical Education employed a new CTE State Director and a new Director for Compliance and Reporting in 2019. Both individuals are working to ensure that protocols are in place to ensure the correct calculations and submissions of CTE data.
Page 6 OSA was unable to determine if the measurement of salaries for CTE graduates one year out of school is accurate and consistent.	The MDE was not required to collect salary data under Perkins IV. Any data that is available on salaries is calculated by nSPARC and this information should be included in a separate audit report of nSPARC.

AUDITOR COMMENT	MDE RESPONSE
Page 7 **Recommendation 5:** Mississippi Lifetracks should cite the limitations of the data being used to calculate the benchmarks published for the CTE program until the issues regarding poor data quality are resolved.	The difference in data being reported is not a matter of poor data quality, but a matter of clarifying different definitions, data sets, and use cases. The MDE will work to ensure Lifetracks has the definitions used for Perkins Act reporting, should Lifetracks choose to report this same data on their website.

APPENDIX B: OSA Response

STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
Shad White
STATE AUDITOR

July 21, 2020

Dr. Carey M. Wright, Ed.D., State Superintendent of Education
Mississippi Department of Education
P.O. Box 771
Jackson, MS 39205-0771

Dear Dr. Wright,

On July 15, 2020, the Office of the State Auditor (OSA) sent the Mississippi Department of Education (MDE) the final draft of the performance audit report on the Office of Career and Technical Education for review. The Mississippi Department of Education was asked to provide the Office of the State Auditor with their views concerning the findings, conclusions, and recommendations that involve MDE, as well as any planned corrective actions in the form of a formal written response.

The original objective of this project was to evaluate the effectiveness of the of the Career and Technical Education (CTE) program. In order to measure the effectiveness of the program, auditors requested outcome data from MDE and other sources statutorily mandated to measure program success. According to the Government Accountability Office's *Government Auditing Standards*,

> "performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. Audit objectives may also pertain to the current status or condition of a program. These overall objectives are not mutually exclusive."

Lifetracks and the Statewide Longitudinal Data System (SLDS) are a major source of data for the shareholders to view the success of CTE students in Mississippi. There is a Memorandum of Understanding between MDE and Lifetracks to share CTE data that will be published for public consumption. OSA is aware that MDE does not have jurisdiction over nSPARC (Lifetracks), which is why information regarding Lifetracks is presented separately in the report. Page four (4) of the report, specifically, states that nSPARC is a separate entity from MDE. In addition, auditors note that MDE is not responsible for Lifetracks' data methodology.

Regarding the data comparisons on page five (5) of the report, which addresses the disparity between data sets: the measurements may be accurate, but the definition of the measurement without complete transparency is not painting an accurate picture of success. Since each entity's definition is similar, but the measurements are different, the data are confusing to stakeholders. The primary goal for both entities should be the accurate measurement of CTE program outcomes and the definition of success for both should be the same. OSA has responded to MDE's concerns in the table below.

Regards,

Shad White
State Auditor

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AUDITOR COMMENT	MDE RESPONSE	AUDITOR RESPONSE
Executive Summary (no page number) Finding 4: The data utilized by MDE and Lifetracks to measure program success are conflicting. **Recommendation 6-7:** Developing a standard reporting mechanism for the CTE program; and following Lifetracks' governing board guidelines or risk being disbanded.	nSPARC and Lifetracks are not under the jurisdiction of the MDE. As such, reports for these entities should not be included in an MDE audit report. The MDE submits data in accordance with federal reporting requirements under the Perkins Act. While the MDE is willing to work with nSPARC to build an understanding of how MDE data are reported, the agency is not responsible for the methodology that Lifetracks establishes for data collection, analysis, and reporting. MDE is not responsible for actions and/or guidelines of Lifetracks' governing board.	It was noted in the revised report that MDE and Lifetracks are separate entities, and that MDE is not responsible for Lifetracks.
Page 4 Lifetracks also asserts that it is an interoperable data system that securely and efficiently facilitates research and analysis that will enhance the state's ability to link, match, and share education and workforce data leading to an enriched ability within the state to improve career-readiness outcomes and enhance success in the economy.	A manual process is required for the MDE to exchange data from the Mississippi Student Information System (MSIS) with Lifetracks. The MDE does not view this process as an interoperable data exchange. nSPARC and Lifetracks are not under the jurisdiction of the MDE. As such, reports for these entities should not be included in an MDE audit report.	Measuring the effectiveness of the CTE program involves more than one entity, so it is appropriate to include them in the report. MDE should only be concerned with issues and recommendations that are directed at MDE. It has been stated in the report that MDE is not responsible for Lifetracks. Also, the Lifetracks website claims their platform is interoperable. The statement was not made that MDE's data was interoperable.
Page 5 The number of Career and Technical Education (CTE) students reported by MDE in the Perkins IV	The MDE followed the definitions of a CTE participant and concentrator as defined in the state's Perkins IV	• Lifetracks and MDE have an MOU. • Lifetracks pulls data from MSIS.

Consolidated Annual Report (CAR) conflicts with the number supported by the SLDS, Lifetracks	plan, to meet Section 113(c)(1)-(2) of *The Carl D. Perkins Career and Technical Education Act of 2006*. During Perkins IV, CTE participants were students completing one course in CTE, and CTE concentrators were students who enrolled but had not yet completed the second course of CTE in the same program area.	• The definition Lifetracks uses on their website for their information on the number of CTE students is similar to what MDE's definition of a completer is, but the measurements are not the same. • MDE and Lifetracks should collaborate regarding the data to be pulled from MSIS to ensure consistency between data sets for outcome measurement.
Page 5 During the review, it was found that for the audit scope years 2017 and 2018, MDE reported the same numbers each year for enrolled participants and concentrators (students who completed one year of a pathway and are enrolled in the second year of the same pathways) for Mississippi Secondary CTE students. **Page 6** MDE has submitted duplicate numbers for the previous report years, meaning the outcome data for those student participants as not correct.	Former staff within the Office of Career and Technical Education uploaded duplicate completer and participant data for the 2017 and 2018 CAR reports. The data for each year was reexamined and reporting has been updated to include the correct data. The Office of Career and Technical Education employed a new CTE State Director and a new Director for Compliance and Reporting in 2019. Both individuals are working to ensure that protocols are in place to ensure the correct calculations and submissions of CTE data.	OSA approves
Page 6 OSA was unable to determine if the measurement of salaries for CTE graduates one year out of school is accurate and consistent	The MDE was not required to collect salary data under Perkins IV. Any data that is available on salaries is calculated by nSPARC and this information should be included in a separate audit report of nSPARC.	The report does not mention that MDE is responsible for salary data. The MDES is our source for wage data.

Page 7 **Recommendation 5:** Mississippi Lifetracks should cite the limitations of the data being used to calculate the benchmarks published for the CTE program until the issues regarding poor data quality are resolved.	The difference in data being reported is not a matter of poor data quality, but a matter of clarifying different definitions, data sets, and use cases. The MDE will work to ensure Lifetracks has the definitions used for Perkins reporting, should Lifetracks choose to report this same data on their website.	The quality of data is measured by its accuracy and reliability. Output is only as good as input. Working together with Lifetracks to measure and define the same set of students will provide more reliable data available to stakeholders.

APPENDIX C

Average GPA per Region (15 school districts, 2015-2018)
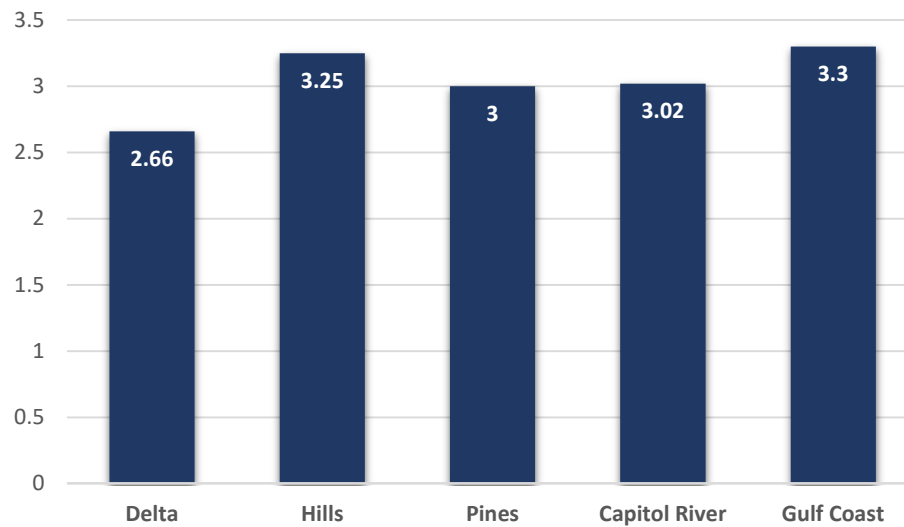
Source: Prepared by auditors using data provided by school districts

Average pathway enrollment by region for school years 2015-2018

Average pathway enrollment in the *Delta* region (2015-2018)
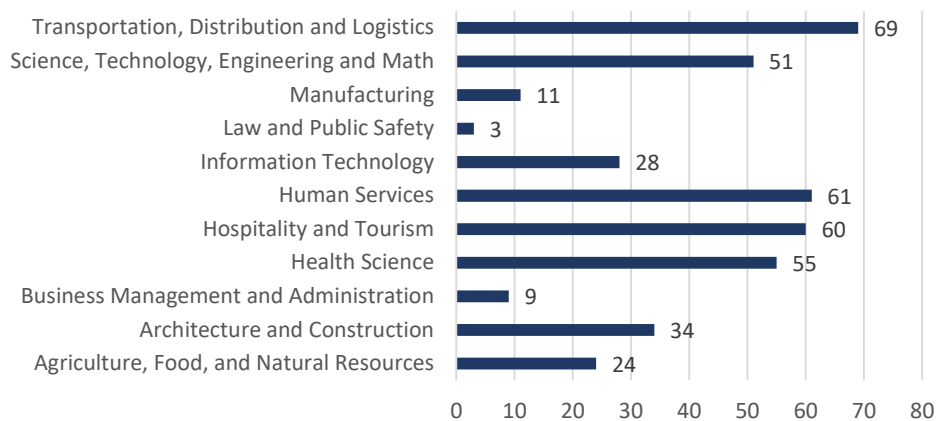
Source: Prepared by auditors using data provided by school districts

**Average pathway enrollment in the *Hills* region
(2015-2018)**
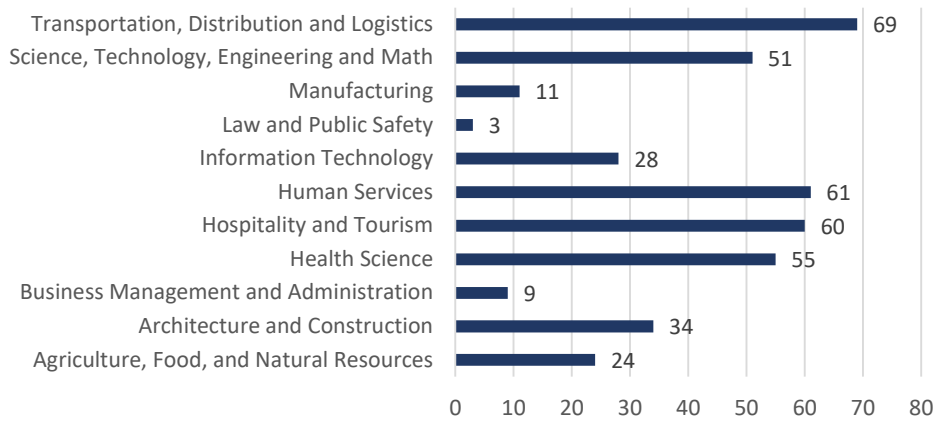
Source: Prepared by auditors using data provided by school districts

**Average pathway enrollment in the *Pines* region
(2015-2018)**
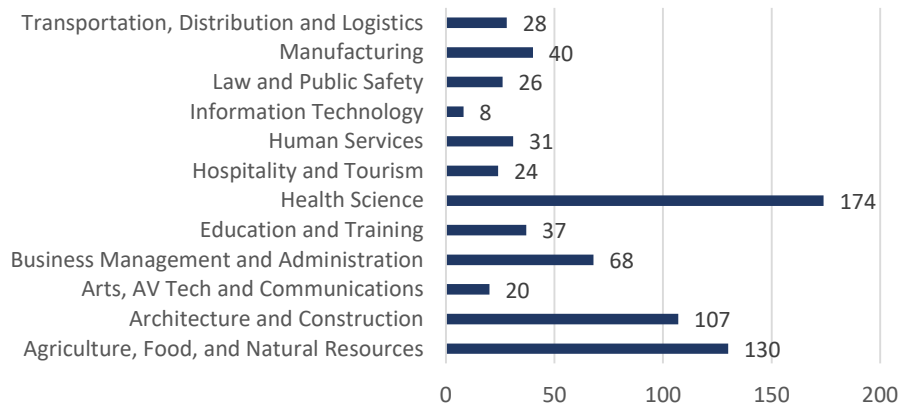
Source: Prepared by auditors using data provided by school districts

**Average pathway enrollment in the *Capitol River* region
(2015-2018)**
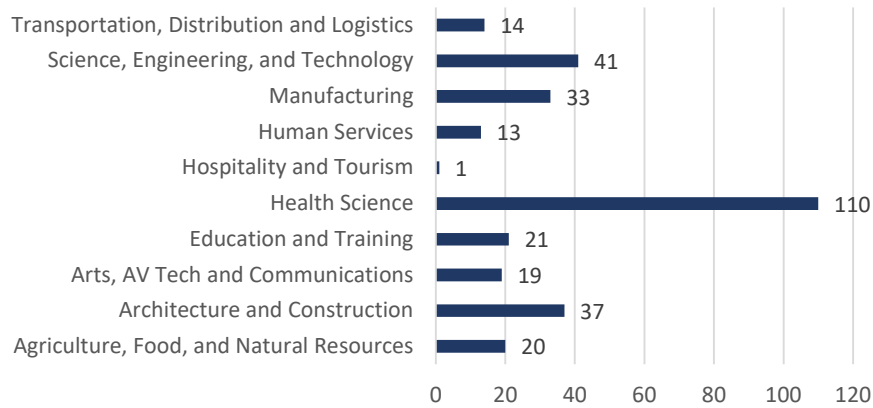
Pathway	Enrollment
Transportation, Distribution and Logistics	14
Science, Engineering, and Technology	41
Manufacturing	33
Human Services	13
Hospitality and Tourism	1
Health Science	110
Education and Training	21
Arts, AV Tech and Communications	19
Architecture and Construction	37
Agriculture, Food, and Natural Resources	20

Source: Prepared by auditors using data provided by school districts

**Average pathway enrollment in the *Gulf Coast* region
(2015-2018)**

Pathway	Enrollment
Transportation, Distribution and Logistics	52
Science, Technology, Engineering and Math	163
Marketing	16
Manufacturing	20
Law and Public Safety	28
Human Services	86
Hospitality and Tourism	104
Health Science	231
Finance	13
Education and Training	41
Business Management and Administration	28
Arts, AV Tech and Communications	43
Architecture and Construction	110
Agriculture, Food, and Natural Resources	14

Source: Prepared by auditors using data provided by school districts

Total number of students earning certifications
(15 school districts, 2015-2018)

2015	2016	2017	2018
10	26	29	20

Source: Prepared by auditors using data obtained from school districts

Percentage of high school students enrolled in a CTE program (2015-2018)
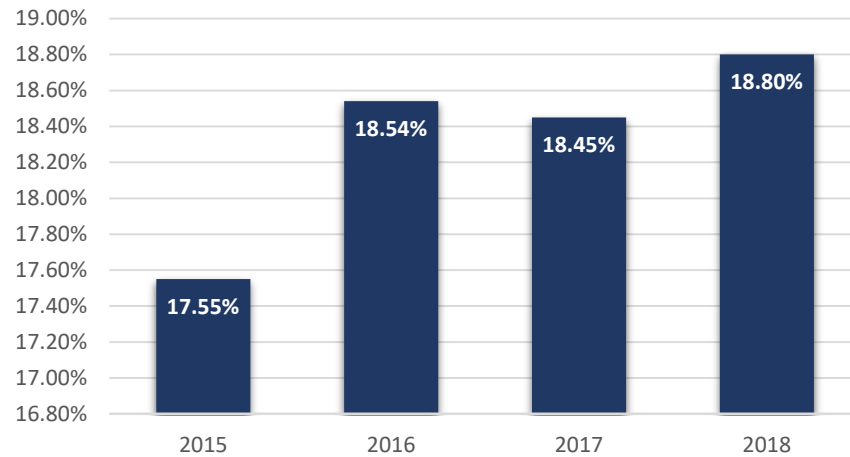
Source: Prepared by auditors using data obtained from MDE and Lifetracks

Average graduation rate of sample population
by CTE program completers vs all students
(15 school districts, 2015-2018)
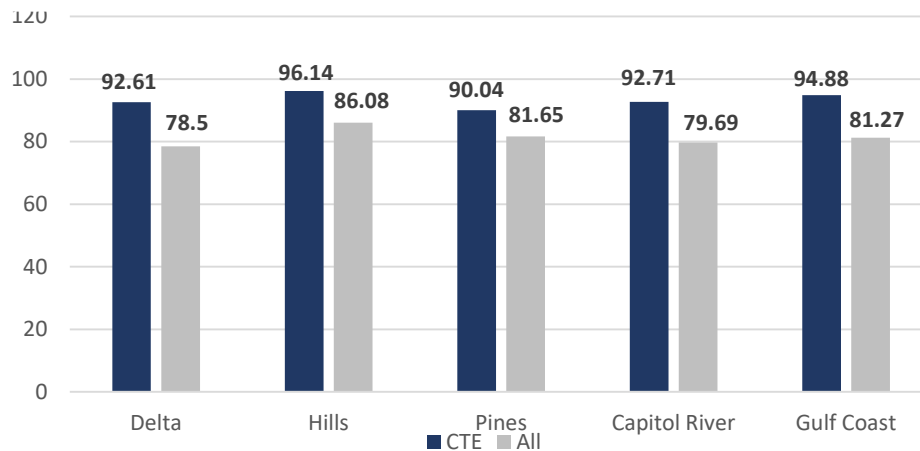
Source: Prepared by auditors using data provided by MDE

Lifetracks Benchmark Measurements

	2014-2015	2015-2016	2016-2017	2017-2018
Graduates Employed in the Workforce-1 year	65.99%	68.54%	64.29%	63.15%
CTE Students At Risk	4,774	5,012	4,379	4,556
Graduation Completion Rate	83.42%	86.24%	87.91%	86.64%
Benchmarks from *Building a Better Mississippi*				
% of HS Students Enrolled in a CTE Program	17.55% (25,676 total)	18.54% (27,444 total)	18.45% (27,003 total)	18.8% (27,249 total)
% of HS Students Enrolled in CTE Programs who earn an approved Industry Certification, by career pathway (Excluding WIA Training, CCWF training and Vocational Rehabilitation)	2.48% (55 total)	2.15% (52 total)	2.56% (70 total)	2.3% (66 total)
% of Students Earning Industry Approved Certification who obtain a job in MS in their area of certification	65.99%	68.54%	64.29%	63.15%
Average Starting Salary of Students earning an approved Industry Certification who obtain a job in MS in their area of certification	$14,564	$14,392	$15,190	$15,353

Source: Prepared by auditors using data obtained from Lifetracks

APPENDIX D

Report Details

Additional Background

Career and Technical Education students can earn certifications in three of the pathways: National Center for Construction Education and Research (NCCER)[11] (**Architecture and Construction**), the National Restaurant Association (ProStart®)[12] (**Hospitality and Tourism**), and the National Institute for Automotive Service Excellence (ASE)[13] (**Transportation, Distribution and Logistics**). All students can take the ACT WorkKeys National Career Readiness Certificate[14] exam which measures and certifies that the student has essential work skills needed for success in jobs across industries and occupations. However, the ACT WorkKeys does not certify that the student is proficient in a specific pathway. Students must first pass the occupational-specific portion of the Mississippi Career Planning and Assessment System known as MS-CPAS-3[15] before testing for certifications in their chosen pathway. The exam is used to measure technical skill attainment for the pathway.

Mississippi Secondary CTE students must complete a minimum of 21 credits to graduate[16] under the career pathway option. Many students that enroll and complete a pathway can choose the traditional pathway option; however, that option requires 24 minimum credit hours. The auditor chose to verify the minimum of 21 credits of the career pathway option for the completers in the sample of students from each school district. The graduation requirements for school years **2015-2018** are as follows:

- 4 Credits of English;
- 3 Credits of Math;
- 3 Credits of Science;
- 3 Credits of Social Studies;
- 0.5 Credit of Health/Physical Education;
- 1 Credit of Integrated Technology;
- 4 Credits of Career and Technical Education Electives; and
- 2.5 Credits of Electives.

Additionally, graduation requirements have changed for the 9th grade class of 2018. They are now required to complete 24 credits for the traditional diploma. A student may earn the CTE Diploma Endorsement by earning:

- an overall GPA of 2.5;
- silver or higher on the ACT WorkKeys;
- four credits of CTE in the same program area;
- two additional credits for a total of 26; and
- CTE dual credit or Work-Based Learning credit or attainment of a national certification approve by State Board of Education.

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[11] National Center for Construction Education and Research www.nccer.org
[12] National Restaurant Association www.chooserestaurants.org/prostart
[13] Automotive Service Excellence www.ase.com/home
[14] ACT WorkKeys www.act.org/content/act/en/products-and-services/workkeys-for-job-seekers/assessments.html
[15] MS-CPAS https://www.rcu.msstate.edu/Assessment/MS-CPAS.aspx
[16] Mississippi High School Graduation Pathways https://mdek12.org/sites/default/files/mississippi-high-school-nbsp-graduation-pathway.pdf

Note: these new requirements were not in place for OSA's review of the audit scope years 2015-2018 graduating senior transcripts.

The MDE policy and procedure manual, Rule 84.3, states that the Office of Career and Technical Education shall assist the local educational agencies (LEA) by monitoring a minimum of ten percent (10%) of all LEAs annually and by responding to any request for specific assistance. Monitoring activities may include:

1. state-level desk review;
2. on-site review;
3. review of local annual program plans and other related information; and
4. follow-up on previously reviewed LEAs to determine how well they may be following their remedial plans.

nSPARC Methodology for calculating average earnings if the graduate was in the 1st quarter.
- average annual earnings
  - for graduates employed within one year of graduating high school, the 2nd and 3rd quarters after the first employment quarter are used to calculate the average annual earnings.
  - i.e., if a CTE graduate was in the 1st quarter, then the annualized earnings will equal the 2nd quarter of wages plus the 3rd quarter of wages multiplied times two
  - if (employed in the 1st quarter) then annualized earnings = (2nd quarter wage + 3rd quarter wage) * 2

Objectives, Scope, Methodology

Objectives:
In this report, auditors attempted to answer the following question(s):
   1. Are the programs meeting the intended outcomes?
   2. Are the programs being tracked and monitored appropriately?
   3. Are the requirements outlined in state law being met?
   4. Are the data submitted by MDE, MDA, and MDES to Mississippi Lifetracks (SLDS) accurate when compared to the sample population?

Additional questions considered:
- What is the average salary of a student who earns an industry approved certification and obtains employment in Mississippi?
- What funding does Mississippi receive for Career and Technical Education?

Scope: Auditors determined whether educators are adhering to the CTE state law requirements for setting educational standards and benchmarks, as well as assessed the methodology for measuring program impact. The audit covered the school years 2014-2015, 2015-2016, 2016-2017, and 2017-2018.

Methodology: Auditors tested career and technical education student transcripts who were graduating seniors that completed a career pathway for the scope years for fifteen (15) school districts in the state. Transcripts were reviewed to assess whether students met minimum graduation requirements. Auditors noted the students' career pathway and any certifications earned. Additional methodology included the following:

- reviewed state statutes and federal laws regarding CTE programs;
- reviewed the Mississippi Department of Education's (MDE) reporting documentation in compliance with the *Perkins Act* and in accordance with the Mississippi State Plan;
- assessed *Perkins Act* reporting requirements and the State Plan;
- randomly selected fifteen (15) school districts across the state from five (5) regional areas;
- evaluated all CTE programs in the fifteen (15) school districts sampled;
- surveyed school districts requesting the criteria used to determine at-risk students, and report the graduation rate for CTE and non-CTE students;

- conducted interviews with CTE personnel to gain an understanding of how each school district operates their program;
- compared similar GPAs of at-risk students in CTE programs to non-CTE at-risk students and their graduation rates to determine differences in program completions;
- conducted data analyses from multiple sources (i.e., Lifetracks Statewide Longitudinal Data System (SLDS), and the Perkins Collaborative Resource Network); and
- compared raw data from MDE to Mississippi Lifetracks (SLDS).

About the Office of the State Auditor and the Performance Audit Division

The Mississippi Constitution grants specific duties and powers related to prescribing systems of accounting, budgeting, and financial reporting for public offices in Mississippi. It also enumerates other statutory responsibilities including study and analysis of existing public managerial policies and practices; pre-audit and post-audit functions; investigation of suspected fiscal violations; recovering misspent and stolen funds; and a variety of related duties and responsibilities. The mission of the Office of the State Auditor is to serve its customers and protect the public's trust by independently assessing state and local governmental and other entities to ensure that public funds are properly received, are legally, effectively, and efficiently spent and are accounted for and reported accurately.

Performance audits provide objective analysis to assist those charged with governance and oversight to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability. The mission of the performance audit division is to provide useful information to the public, program leadership, and elected officials in order to hold state government accountable for its performance by identifying and recommending specific actions to address issues related to the efficiency, effectiveness, and economy of state agencies and programs. Audits by the Performance Audit Division are planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on established audit objectives.

This report was produced by the Mississippi Office of the State Auditor in accordance with Mississippi Statute 7-7-211 and is available on the State Auditor's website at www.osa.ms.gov.

Mississippi Office of the State Auditor

Shad White, State Auditor

Patrick Dendy, Deputy State Auditor

Jessica D. McKenzie, Director, Performance Audit

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Jackson, MS 39205-0956

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Facebook:	https://www.facebook.com/msstateauditor
Twitter:	https://twitter.com/msstateauditor

Appendix: XIII
Taxpayer Funding for College Degree
Programs that Teach Trans/Gender Ideology

Instructor: J. Hovey

Gender and Zombies

This course will look at post-apocalyptic fiction, films, and games, most of which feature actual zombies or zombie-like figures, to ask what zombies mean at different historical moments, including our own. Although there are several prototypical zombie novels in the nineteenth century, the zombie as we know it today is a creature of late capitalism, representing twentieth and twenty-first century popular anxieties about gender, labor, immigration, disease, class, sexuality, technology, race, national identity, and consumer

G St 202: Introduction to Queer Studies

Sarah Isom Ctr for Women&Gender Studies

This introductory class will examine and complicate gender and sexuality as categories of identity.

3 Credits

Instruction Type(s)

- Lecture: Lecture for G St 202
- Lecture: Web-based Lecture for G St 202

Subject Areas

Women's Studies   Gay/Lesbian Studies

G St 350: Gender and Sexuality in Cinema

Sarah Isom Ctr for Women&Gender Studies

This course examines films across a variety of popular genres, such as horror, comedy, melodrama, science fiction, exploitation cinema, and documentary with specific attention to how depictions of femininity, masculinity, and sexuality intersect with categories such as race, ethnicity, and class. Students will learn key concepts used by scholars in gender and sexuality studies as well as interdisciplinary strategies drawn from fields across the humanities, in order to analyze films from a variety of contexts and, on a broader level, strengthen their abilities to synthesize information and apply learned concepts to their work as critical thinkers and writers.

Appendix: XIV
Hundreds of Millions in Unemployment for Ineligible People

MISSISSIPPI

Mississippi's Historic Unemployment Fraud

September 2023

SHAD WHITE
State Auditor

Logan Reeves
Director, Government Accountability Division

Summary

The United States' COVID-19 pandemic response programs have resulted in massive amounts of tax dollars stolen, wasted, or misspent.[i] Of the pandemic-related programs, improper unemployment benefits were the largest driver of the misspending.[ii] The Inspector General of the United States Department of Labor estimates over $191 billion of unemployment compensation funds were lost—mainly to fraud—during the COVID-19 pandemic.[iii] Unemployment fraud from the COVID-19 pandemic continues to overwhelm the Department of Labor and federal investigators.[iv]

Mississippi was no exception. State Auditor Shad White's team estimates that at least $590 million was misspent between FY 2020 and FY 2021.[v] Because of this reported criminal activity, Auditor White directed his staff to take action to investigate and recover fraudulent unemployment claims. This report describes those efforts, including the use of advanced data analytics to identify some of the perpetrators.

National Spending and Fraud Context

The federal government has already spent at least $4.17 trillion on COVID relief aid.[vi] Three COVID programs have accounted for over half of that spending as of January 2023. They are:

1. Economic impact payments, or "stimulus checks" ($858 billion),
2. business loan programs like the Paycheck Protection Program ($828 billion), and
3. unemployment insurance payments ($690 billion).[vii]

Approximately 10% of federal COVID relief money has already been identified as stolen, wasted, or misspent.[viii] Approximately half of this amount is attributed to improperly paid and fraudulently obtained unemployment benefits.[ix]

Mississippi Spending and Fraud Context

The Mississippi Department of Employment Security (MDES) administers Mississippi's unemployment benefits programs. Before the COVID-19 pandemic, MDES managed $59.6 million in unemployment insurance payments to out-of-work Mississippians in Fiscal Year (FY) 2019. With the influx of jobless claims and COVID relief aid as a result of the pandemic, total unemployment benefit claims increased from $59.6 million in FY 2019 to $2.1 billion in FY 2020—a 3,500% increase in one year. With this infusion of money came massive fraud and misspending. For example, from FY 2020 to FY 2021, known overpayments increased from $118 million to $474 million—a 300% increase. Figure 1 shows the amount of taxpayer money MDES erroneously paid in FY 2019-2021.

Figure 1
Percent of Total Payments

FY 2020: Known Overpayments $117,948,403
FY 2021: Known Overpayments $473,787,010

Legend: ■ Known Overpayments ■ Total Payments
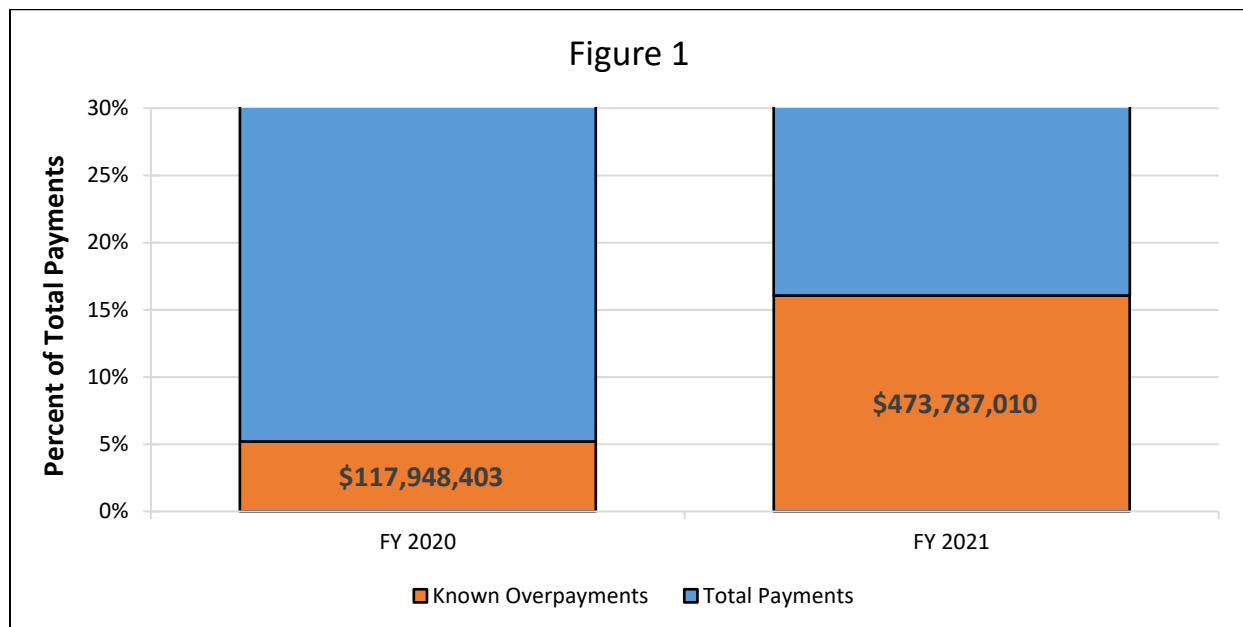
How We Got Here

The massive loss of money from Mississippi's unemployment fund is partially the result of MDES bypassing or altering their own internal controls which were designed to prevent money from being misspent or stolen. MDES made payments to people who never lost any income or wages, whose identity was stolen, or who were actually incarcerated. Some payments were even made to international criminals.

Examples of waived or altered controls at MDES include:

- Waived: verification of social security number to approve claims; March 2020 – May 2020;
- Waived: one week waiting period before an unemployment claim would be processed; March 8, 2020 – December 26, 2020;
- Waived: the requirement for unemployed applicants to show they were searching for work; March 8, 2020 – August 8, 2020;
- Waived: the requirement for unemployed applicants to prove they were able to work, available to work, and actively seeking work (A&A); March 8, 2020 – September 26, 2020;
- Altered: Weekly Earning Allowance increased from $40 to $200; May 3, 2020 – September 26, 2020;
- Altered: the requirement that an unemployed person show separation from ALL employers was changed to a new requirement that they only show separation from their most recent employer; March 8, 2020–September 26, 2020.

Path Ahead

The scope of the fraud and misspending is massive and discovering its depths will require new solutions—audit solutions never before used in Mississippi. Auditor White and his team of auditors and investigators have partnered with private industry to develop data analytics tools to identify improperly paid unemployment claims, recover this taxpayer money, and hold the people who took advantage of our state's unemployment system accountable. These tools allow auditors and investigators to identify claims with fraud indicators to investigate further to determine if the claims were properly paid.

By using advanced "big data" analytics, auditors and investigators will be able to identify potential suspects who may have benefitted from fraudulently obtained unemployment funds. For example, they now have access to advanced algorithms which identify fraud indicators. Auditor White's team has already helped federal agencies with pandemic-related investigations, resulting in 2 arrests, and the State Auditor's office is now expanding its work to hold other people who took advantage of these programs accountable.[x]

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[i] See article.

[ii] See Congressional testimony.

[iii] Ibid.

[iv] A US Government Accountability Office report shows over 1,200 federal indictments for unemployment insurance (UI) fraud were filed from April 2020 to January 2023. The same report shows over 100 new UI fraud-related investigations are opened each week.

[v] See previous note.**Error! Bookmark not defined.**

[vi] See United States Bureau of Fiscal Service report.

[vii] See US Government Accountability Office report.

[viii] See previous note.[i]

[ix] Ibid.

[x] See press release.

DEPARTMENT OF EMPLOYMENT SECURITY

MATERIAL WEAKNESS

2021-008	Strengthen Controls over the Unemployment Insurance Benefits Paid.
Repeat Finding	Yes; 2020-007; Material Weakness.
Criteria	*The Internal Control – Integrated Framework* published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) specifies that a satisfactory control environment is only effective when control activities, such as authorization, approval, verification, and adherence to policy and procedures are implemented and followed. These activities are essential to minimizing the risk of fictitious claims and misstated financial position.

The *Mississippi State Code Annotated (1972) §71-5-511* states that one is eligible to receive benefits that "has been unemployed for a waiting period of one (1) week"; "participates in reemployment services, such as job search assistance services, if, in accordance with a profiling system established by the department, it has been determined that he is likely to exhaust regular benefits and needs reemployment services"; "is able to work, available for work and actively seeking work".

The *Mississippi State Code Annotated §71-5-505(1)* states "For weeks beginning on or after July 1, 1991, each eligible individual who is totally unemployed or part totally unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his wages, if any, payable to him with respect to such week which is in excess of Forty Dollars ($40.00)."

The *Mississippi State Code Annotated §71-5-513* describes reason for separation that disqualifies the individual as "(a) For the week, or fraction thereof, which immediately follows the day on which he left work voluntarily without good cause, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case; however, marital, filial and domestic circumstances and obligations shall not be deemed good cause within the meaning of this subsection. Pregnancy shall not be deemed to be a marital, filial or domestic circumstance for the purpose of this subsection. (b) For the week, or fraction thereof, which immediately follows the day on which he was discharged for misconduct connected with his work, if so found by the department, and for each week thereafter until he has earned remuneration for personal services performed for an employer, as in this chapter defined, equal to not less than eight (8) times his weekly benefit amount, as determined in each case. (c) The burden of proof of good cause for leaving work shall be on the claimant, and the burden of proof of misconduct shall be on the employer."

Condition	The Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted by the federal government in response to the COVID-19 pandemic required state

unemployment agencies to increase the amount of benefits paid to claimants. Additionally, claimants were able to collect unemployment payments for an expanded time frame, and claimants who would otherwise not qualify for benefits (such as independent contractors and self-employed persons) were able to qualify for benefits. In order to process the multitude of claims in an expeditious manner, Mississippi Department of Employment Security (MDES) opted to override the existing controls designed in the internal control system. Proven and tested controls over Unemployment Insurance claims were altered or disregarded for the periods of March 2020 through December 2020. Controls altered for the claims submitted in the noted timeframes were:

- Waived; One week waiting period; March 8, 2020 – December 26, 2020;

- Waived; Work Search Requirements; March 8, 2020 – August 8, 2020;

- Waived; Able to work, Available to work, and Actively Seeking Work (A&A); March 8, 2020 – September 26, 2020;

- Altered; Weekly Earning Allowance increased from $40 to $200; May 3, 2020 – September 26, 2020; and

- Altered; Reason for separation from *ALL* employers in base period changed to separation from *MOST RECENT* employer; March 8, 2020 - September 26, 2020.

Additionally, claims were approved without social security number verification during the period March 2020 – May 2020.

Due to these controls being ignored or overridden, MDES was unable to properly monitor the immense influx of claims and to properly vet those claims for fraud. During fiscal year 2021, total unemployment benefit claims increased from $2,146,060,996 (fiscal year 2020) to $2,475,899,125 (fiscal year 2021), a 15% increase. Overpayments of benefits was noted to increase from $117,948,403 (fiscal year 2020) to $473,787,010 (fiscal year 2021), a 301% increase. These payments include:

- Payments made to individuals who never lost or had a reduction in wages;

- Fraudulent payments due to stolen identity;

- Payments made to incarcerated individuals; and

- Payments made due to international unemployment fraud.

In particular, MDES inadvertently allowed incarcerated individuals to receive payment when the control that required claimants to verify that they were "actively seeking work" was waived. Incarcerated individuals were then able to apply for benefits and receive approval without any additional verification from MDES.

MDES personnel were initially overwhelmed by the influx of claims and were unable to accurately report the amount of increased loss the State was subject too, and were unable to adequately monitor the fraud that was reported by individuals when they received notification of benefits received.

Cause

MDES did not have proper internal controls in place due to overriding or waiving existing controls. This caused MDES the inability to verify that unemployment claims were paid to proper claimants.

Effect

Failure to properly enable controls and follow policies and procedures increases the risk of fraud and misappropriation, which can result in material misstatements of financial statements. The waiver of strict controls on Unemployment Insurance benefits resulted in an increase of known overpayments of 301% from fiscal year 2020 to fiscal year 2021.

Recommendation

We recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures to ensure internal controls are never disabled or circumvented. Additionally, we recommend further analysis of the overpayments of unemployment claims be performed in order to maximize the potential for recovery of fraudulent payments.

Views of Responsible Officials

The Mississippi Department of Employment Security does not concur with the finding. See additional information in Management's Corrective Action Plan at page 263; and the Auditor's Response to the Corrective Action Plan at page 65 and 271.

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2021-016

Strengthen Controls over the Reconciliation of the State's Financial Accounting System (MAGIC) to the Third-Party Unemployment Software (ReEmploy).

Repeat Finding

Yes; 2020-006; Material Weakness.

Criteria

The Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission (COSOand *the U.S. Government Accountability Office Standards for Internal Control in the Federal Government* (Green Book) specifies that a satisfactory control environment is only effective when control activities exist. This includes but is not limited to the review process of transactions, proper support of transactions, proper documentation and support of methodologies used in accounting practices, proper support of information and communication within the agency, and a commitment to competence by management.

The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05 states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.

The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 2.10.20 states that Proprietary Funds apply accrual accounting principles appropriate for business enterprises.

Condition

The Mississippi Department of Employment Security (MDES) records statutorily required GAAP entries in the Mississippi Accountability System for Government Information and Collaboration (MAGIC) software during year-end by utilizing summarized reports from the Unemployment Software – ReEmploy. The majority of the summarized reports used are historical reports that are incapable of being reproduced due to ReEmploy reporting values as of close of business day that the queries are ran. MDES currently does not save transactional reports that corroborate with summarized reports used and required significant time to produce adequate support of summarized values used in GAAP entries recorded. MDES required a period of multiple weeks to four months to provide support to audit requests for GAAP entries recorded0.

During review of the supporting documentation for GAAP entries recorded by MDES, Auditors noted several material misstatements due to incorrect values being used, due to portions of entries being unrecorded, and due to improper revenue recognition.

As a result of these incorrect values and improper revenue recongnition, the following misstatements were noted:

- Accounts receivable were understated by $58,935,428;

- Allowance for doubtful accounts were understated by $30,646,422;

- Due to federal government was understated by $127,078,028;

- Unearned revenue was understated by $13,259,379; and

- Subsidies was understated by $98,789,022.

Additionally, MDES does not currently have a transactional accounting system for Enterprise Funds. MDES uses internal trial balances created from daily and monthly banking activity worksheets. These worksheets only show summarized transactions and creates a poor environment for auditors to trace individually selected transactions to amounts recorded by MDES. Due to MDES not utilizing MAGIC as the accounting system for Enterprise Funds, which requires supporting documentation for entries recorded, auditors had to reconcile transactional support provided by MDES and determine the reasoning behind differences noted between transactional support and summarized values. Due to MDES only using banking activity and ReEmploy summarized reports for financial reporting of Enterprise Funds, MDES does not have an adequate control environment over individual transactional review.

Cause	The Mississippi Department of Employment Security (MDES) did not properly reconcile amounts amalgamated in the reports from ReEmploy to the financial information. MDES only performed financial statement reconciliations of unemployment data annually at the end of the fiscal year. The information was also not entered into the statewide accounting system MAGIC but once at year-end. These untimely reconciliations and agreement of financial statements to ReEmploy caused excessive delays in the preparation of financial statements of MDES.
	Additionally, MDES operates on a cash basis accounting for transactions in Enterprise Funds and relies on year-end GAAP entries to present on a modified-accrual basis. Enterprise Funds are required to be reported on an accrual basis throughout the entire year.
Effect	Failure to properly record accruals and failure to perform timely and accurate reconciliations of data greatly increase the risk of fraud and misappropriation of assets and liabilities, which can result in material misstatements of financial statements. Several accounts were understated for fiscal year 2021 and required material audit adjustments to correctly report the financial status of the Mississippi Department of Employment Security.
Recommendation	We recommend the Mississippi Department of Employment Security strengthen controls to endure accrual entries are correct and to record entries in the statewide accounting system more frequently than once annually. Additionally, personnel should complete timely and accurate reconciliations to ensure information is reported correctly.
Views of Responsible Officials	The Mississippi Department of Employment Security concurs with the finding. See additional information in Management's Corrective Action Plan at page 267.

2021-017	<u>Strengthen Controls over the Identification of Unemployment Benefit Overpayments.</u>
Repeat Finding	No.
Criteria	*GASB Statement 62, paragraph 83 (Reporting a Change in Accounting Estimate)* states the effect of a change in accounting estimate should be accounted for in (a) the period of change if the change affects that period only or (b) the period of change and future periods in the change affects both.
	The *Mississippi State Code Annotated (1972) §71-5-517* states that any benefits erroneously paid to claimant may be set up as an overpayment to the claimant; and must be liquidated before any future benefits can be paid to the claimant.

The Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual Section 27.30.05 states that supporting schedules provide the details, which support the adjusted MAGIC balances on the GAAP Trial Balance.

Condition

The Mississippi Department of Employment Security (MDES) adopted a change in the calculation of the unemployment benefit overpayment allowance for doubtful accounts estimate for overpayments recorded in ReEmploy (the unemployment software utilized by MDES) as of June 30, 2021. Auditor notes that using the previous method to calculate the allowance for doubtful accounts would result in an uncollectable percentage of 68% whereas the new method lowered the uncollectable percentage to 52%. MDES reported the uncollectable percentage as 88.75% in the prior year. During the review of the new accounting estimate calculation, auditor noted MDES did not properly document the purpose nor reason for the change in the method. Despite the decrease in the percentage calculated, auditor noted the balance reported for allowance for doubtful accounts of $246,798,051 increased 150% from the prior year reported balance of $98,674,383.

Secondly, MDES used incorrect values to record additional overpayments recorded in ReEmploy as of June 30, 2021. MDES incorrectly reconciled amounts pulled using two separate ReEmploy queries by using Pandemic Unemployment Assistance (PUA) program disbursements for documented Pandemic Emergency Unemployment Compensation (PEUC) program disbursements. Auditor noted the use of PUA disbursements improperly increased MDES Accounts Receivable account balances by $1,080,926.16.

Additionally, during review of a sample of 320 unemployment benefit payments recorded by MDES during fiscal year 2021, the auditor noted 12 duplicate payments in the amount of $3,007 that were not properly recorded by MDES as an overpayment for future collections. During fiscal year 2021, MDES disbursed a total of $2,475,899,125 in unemployment benefit payments. Due to the duplicate payments not being recorded by MDES, auditor determined a projected material misstatement of $60,016,354 in potential overpayments was not recorded by MDES.

Cause

The Mississippi Department of Employment Security (MDES) did not evaluate the change of methodology used in the accounting estimate concerning the allowance of doubtful accounts. Also, MDES currently does not perform a review on duplicate payments for payments made with the same close week ending denoted within ReEmploy – unemployment benefit payment system. MDES solely relies on controls built within ReEmploy to prevent duplicate payments. Additionally, MDES did not use appropriate federal program disbursement totals for year-end GAAP entries.

Effect

Departure from historical methodology in calculation of accounting estimates without proper documentation and disclosures may result in material effects to account balances not being appropriately disclosed to report end users. Several accounts were understated for fiscal year 2021 and required material audit adjustments to correctly report the financial status of MDES.

Recommendation   We recommend the Mississippi Department of Employment Security follow guidance from the Governmental Accounting Standards Board (GASB) when making significant changes to accounting estimates used in final financial reported account balances.

Additionally, we recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures concerning unemployment benefit payments to ensure the approved maximum benefit is paid to eligible claimants.

We further recommend the Mississippi Department of Employment Security strengthen controls to ensure accrual entries are correct and to record entries in the statewide accounting system more frequently than once annually. Additionally, personnel should complete timely and accurate reconciliations to ensure information is reported correctly.

**Views of Responsible
Officials**   The Mississippi Department of Employment Security concurs with the finding.
See additional information in Management's Corrective Action Plan at page 267.

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2021-018   Strengthen Controls over the Overpayments of Employer Contributions.

Repeat Finding   No.

Criteria   The *Mississippi State Code Annotated (1972) §71-5-383* states the commission is authorized and empowered to refund, without interest, such contributions, interest, and penalties as it may determine were paid erroneously by an employer, or may make or authorize an adjustment thereof in connection with subsequent contribution payments, provided the employer shall make written application for such refund or adjustment within three (3) years to the last day of the calendar year in which the services of individuals in employment, with respect to which such contributions were erroneously paid, were performed. For like cause and within the same period, adjustment or refund may be made on the commission's own initiative.

Additionally, Mississippi Department of Employment Security *Administrative Code 600.03* states overpayment of contributions by an employer for one period may be credited on subsequent contributions due.

Condition   During review of employer assessments collected by the Mississippi Department of Employment Security (MDES) during fiscal year 2021, the auditor noted MDES improperly recorded overpayments of employer assessments as revenue. Per discussion with agency personnel, employers were issued assessment letters that improperly denoted the employer as delinquent towards required employer tax payments. Due to this designation, employers were required to pay the highest assessment rate plus penalties, which created a credit due to the employer once the proper tax rate was applied to the employer's assessment. MDES recorded $13,259,380 in employer overpayments in fiscal year 2021 compared to $605,644 in fiscal year 2020 (an increase of 2,089%). MDES did not reach out to employers

who submitted payment towards the improperly rated assessments at the time of discovery of the error. Communication was not made to these employersuntil asked by auditor if MDES had communicated to employers their current credit balance. MDES's current policy requires employers to request in writing a refund from MDES within three years of the established credit balance to receive assessments that were paid erroneously. Once the three year window has passed, MDES removes the remaining employer credit balance from employers' accounts without final notification that the credit will soon expire. As of June 30, 2021, MDES has removed $5,772,837.80 of expired employer credits.

Additionally, MDES did not effectively communicate between divisions the policies and procedures of accounting for employer overpayments. The Tax Division of MDES communicated that MDES must wait a period of three years to claim any employer overpayment balance as revenue. However, the Business Management Division of MDES improperly recognizes revenue immediately for any and all employer overpayments as they are received. The improper recognition of employer overpayments as revenue during fiscal year 2021 created a material misstatement by understating Unearned Revenue by $13,259,380.

Cause   The Mississippi Department of Employment Security (MDES) did not have proper controls in place to communicate with employers that improper rates were used in calculation of the employer's required assessment. Additionally, MDES does not effectively communicate policies and procedures within divisions concerning the recognition of revenue of employer overpayments.

Effect   Failure to notify employers of improperly excessive assessment rates used in employer assessment calculations can result in employers not requesting a refund within the statutory requirement of three years from the established overpayment. Additionally improperly recording overpayments as revenue before the statutory requirement of three years may result in material misstatements in reported revenue balances.

Recommendation   We recommend the Mississippi Department of Employment Security strengthen controls over policies and procedures to ensure employer overpayments are properly recorded. Additionally we recommend communicating with employers when overpayments are established due to improper assessment rates being used in the assessment calculation.

Views of Responsible
Officials   The Mississippi Department of Employment Security does not concur with the finding. See additional information in Management's Corrective Action Plan at page 268; and the Auditor's Response to the Corrective Action Plan at page 66 and 272.

Auditor's note to the Corrective Action Plan from Mississippi Department of Employment Security (MDES) Management

Material Weakness

<u>2021-008</u>   <u>**Controls Should be Strengthened over Unemployment Insurance Benefits Paid.**</u>

The Office of the State Auditor (OSA) acknowledges that the Mississippi Department of Employment Security (MDES) was faced with an unexpected and staggering task to ensure unemployment benefits were paid to individuals during the pandemic. OSA also acknowledges that certain federal guidelines were provided that MDES had to comply with in order to receive additional federal unemployment funds. While MDES' response to the finding focuses on the federal requirements and state guidance to waive or ignore existing controls, MDES fails to identify any way that the agency mitigated any of the fraud risks or potential for overpayments created by waiving or overriding these controls. This failure on the part of MDES resulted in a **301%** increase in known overpayments from fiscal year 2020 to 2021. This failure to safeguard the state's assets is the basis for the material weakness finding. Additionally, MDES fails to acknowledge that the agency was required by the same type federal guidance referenced in their response to the finding (UIPL Letters and Change Notices) to ensure adequate and proper fraud detection and prevention techniques were being utilized by the agency.

Moreover, while MDES did receive federal guidance on making unemployment payments more accessible to those directly impacted by the pandemic, the options provided by the federal government were to either modify or suspend the work search requirements for individuals or employers directly impacted by COVID-19 due to an illness in the workplace or direction from a public health official to isolate or quarantine workers. States were also given the flexibility to respond to the COVID-19 emergency in a broader way, **if they chose to do so** (emphasis added by auditor). (*Unemployment Insurance Program Letter Number 13-20, Change 1, Attachment 1, Question 2*). MDES chose to suspend the requirement for all unemployment claims, and not only those that arose from an illness in the workplace or from an order to isolate or quarantine workers. The decision to implement broader flexibility and completely waive work search requirements were made by MDES. By MDES' own admission in other auditee responses to OSA, MDES stated that they requested the Governor's Office waive the specific requirements. Additionally, in each Executive Order (1462, 1481, 1502, and 1510), MDES was given flexibility to reassess and modify these measures prior to their expiration date in the orders.

Additionally, The Department of Labor (DOL) included program integrity language in all of the major pieces of guidance associated with the state implementation of the CARES Act programs and provisions (*Unemployment Insurance Program Letter Number 28-20*). Program Integrity requirements for the regular unemployment program and unemployment programs authorized by the CARES Act were to operate in tandem, and CARES Act program requires that states must ensure that only eligible individuals receive benefits (*Unemployment Insurance Program Letter Number 23-20*). Both UIPL letters 23-20 and 28-20 specify that the states must make efforts to rapidly and proactively prevent, detect, and investigate fraudulent activity; establish and recover fraud overpayments; and pursue criminal and civil prosecution to deter fraud. Specifically, states were strongly encouraged to implement the following measures to minimize fraud in the unemployment system:

1) Social Security Administration Cross Match
2) Systematic Alien Verification for Entitlement
3) Incarceration cross matches
4) Internet Protocol Address checks
5) Data Analytics to cross reference claims for indicators of fraud.

Furthermore, many of the most effective tools to deter and detect fraud were available to MDES in the Integrity Data Hub (IDH), and were available to states for well over a year. These included:

1) Interstate Suspicious Actor Repository to match claims across states
2) Foreign IP Address verification to receive flags on claims filed from IP addresses outside of the United States
3) Data Analytic tools
4) Fraud Alert Systems
5) Identify Verification for fraud scoring information, including flagging synthetic identities.

MDES has stated that they utilize the IDH; however, auditors cannot determine how effectively these programs were utilized considering the high amount of overpayments that were made during fiscal year 2021. Additionally, one of the specific fraud risks the UIPL, incarceration cross matches, were not performed by MDES, and resulted in overpayments to incarcerated individuals. These incarcerated individuals were able to apply for benefits when MDES overrode or turned off the automated controls and did not implement any compensating controls to ensure payments were proper.

In summary, regardless of the federal requirements or Executive Orders issued, MDES is still responsible for ensuring the accuracy of unemployment claims. In order to assure the accuracy of those claims, MDES should have implemented compensating controls to safeguard the unemployment trust fund when other controls were waived or overrode. The ultimate responsibility to ensure that unemployment payments were accurately paid out and that overpayments were kept to a minimum is the responsibility of MDES personnel.

Material Weakness

<u>2021-018</u>   <u>Strengthen Controls over the Overpayments of Employer Contributions.</u>

According to multiple conversations with MDES personnel during the audit, MDES immediately recognized employer overpayments as "Revenue" and moved the amounts to their Trust Fund from their clearing account, which is a violation of generally accepted accounting principles as the money has not actually been "earned" until the passage of the required three years.

Moreover, the MDES response states that they provide three forms of responses to employers regarding their overpayments; however, this was not the practice in fiscal year 2021 until this matter was brought to Management's attention by the auditors. Auditors informed Management of this issue prior to December 2021, so any action taken by the MDES Chief of Tax as outlined in the response was in reaction to the lack of controls over employer contributions, and therefore cannot be used as a validation of the existence of controls. MDES states that these overpayments can be refunded to the employer if the employer requests such a refund in writing; or the request could be given at MDES discretion without a corresponding request. MDES needs to ensure employers are aware of overpayments so that they can request these refunds, if so desired.

In conclusion, MDES needs to strengthen controls over employer overpayments so that the State's employers are not penalized by an error in MDES' system and can be refunded overpayments timely.

Edit *Auditor's Office Announces Operation Payback and Secures First Indictment*

MS State Auditor
Shad White

Auditor's Office Announces Operation Payback and Secures First Indictment

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05/16/2024

JACKSON – Today State Auditor Shad White announced his office has been conducting a detailed investigation into unemployment

compensation fraud called Operation Payback and has secured their first indictment associated with the operation.

"My office found that during COVID, Mississippi handed out over half a billion dollars in illegal unemployment compensation payments," said White. "It's tragic to think about what that money could have gone to instead. And much of it went to out-of-state fraudsters that we'll never catch. But for the criminals who can be identified, we're going to drop the hammer."

Operation Payback is different from most other investigations in the State Auditor's office because of a unique data analytics tool that auditors used. With advanced machine learning, auditors were able to track some of the misspent unemployment funds and identify suspicious activity.

"For example, advanced software tools combed millions of unemployment compensation payments and identified perpetrators who may have close associations," said White. "When we dug into these, it was obvious some had conspired to defraud the system."

On May 15th, Kenjarell Thomas was served with a 59 count indictment. That includes 19 counts of identity theft, 20 counts of fraudulent representation to defraud the government, and 20 counts of wire fraud. Thomas was in prison while allegedly applying for unemployment benefits using multiple other prisoners personal information and using his mother's address to receive the payments.

All persons arrested by the Mississippi Office of the State Auditor are innocent until proven guilty in a court of law.

Suspected fraud can be reported to the Auditor's office online at any time by clicking the red button at www.osa.ms.gov or calling 1-(800)-321-1275 during normal business hours.

The post Auditor's Office Announces Operation Payback and Secures First Indictment appeared first on Mississippi Office of the State Auditor News.

Appendix: XV
Millions Spent on Under-Utilized Vehicles and Unnecessary Staff at MDOT

FINAL REPORT

Mississippi Department of Transportation

Performance Audit

JANUARY 2020

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1. Summary

1.1　Scope of Engagement

The Mississippi Office of the State Auditor engaged HKA Global Inc. (HKA) to conduct a performance audit of the Mississippi Department of Transportation (MDOT) for the purpose of identifying potential changes in policy, practice, and/or organizational structure that would provide opportunities to increase efficiency, minimize waste, and/or realize cost savings.

1.2　Methodology

HKA's approach to conducting the audit entailed an iterative process of document reviews, interviews, and data analyses to address the areas of inquiry summarized below. The audit was conducted under the AICPA Consulting Standards for Performance Audits.

Audit Focus Areas

Audit focus areas included:

- Organization and Staffing
- Consultant Services
- Delivery of Construction Projects
- Maintenance
- Fleet Management
- Local Public Agency Program

Organization and Staffing

- Does MDOT have the internal resources needed to effectively and efficiently meet its mission of providing "a safe intermodal transportation network that is planned, designed, constructed and maintained in an effective, cost efficient, and environmentally sensitive manner"?

- Has MDOT implemented a rational system for determining when to contract out for services?

- Are there any initiatives MDOT can implement, apart from increasing salaries, to help retain in-house engineering and project management expertise?

- Is a formal process in place to capture institutional knowledge and lessons learned as a growing number of experienced staff approach retirement?

Consultant Services

- Has MDOT implemented effective processes to ensure consultant contracts are awarded to the most qualified firm, at a fair and reasonable cost?

- Are consultant fees reasonable?

- What processes has MDOT implemented to monitor consultant progress and performance?

Delivery of Capital Construction Projects

- Does MDOT effectively oversee the process for soliciting bids and awarding construction contracts?

- How accurate and reliable are MDOT's estimates of probable construction costs?

- How robust are MDOT's processes for managing project risks and uncertainties, and for ensuring the on-time and on-budget delivery of projects?

- How does MDOT assure quality of construction? Are there opportunities to streamline certain non-critical inspection activities or acceptance practices in the interest of cost or time savings?

Maintenance

- Is MDOT's performance-based maintenance management system being used effectively and consistently by the District maintenance offices?

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- Is MDOT's self-performance or outsourcing of certain maintenance functions cost-effective (especially given the costs associated with fleet management and staff turnover)?

- Can maintenance and operations be optimized for rest areas?

Fleet Management

- Is MDOT's fleet of vehicles and specialty equipment right-sized for its operational needs?

- Are fleet vehicles being replaced on an optimal schedule?

- Does MDOT have the appropriate number of mechanics on staff to maintain the fleet?

Local Public Agency (LPA) Program

- Does MDOT's oversight of Local Public Agencies (LPA) projects that use Federal funds contribute to cost increases and schedule delays on such projects?

- Are the perceived additional costs and schedule impacts attributable to preferential policies on the part of MDOT, or is MDOT merely implementing Federal requirements?

- To the extent that FHWA allows for flexibility in a DOT's oversight of LPA projects, do opportunities exist for MDOT to streamline its processes?

Document Reviews & Data Analyses

HKA reviewed MDOT's existing policies, procedures, standard forms, contracts and other documents, including, but not limited to:

- Standard Specifications for Road and Bridge Construction (2017 Edition)
- Construction Manual (2017 Edition)
- Inspector's Handbook (2007 Edition)
- Materials Division Inspection, Testing, and Certification Manual (April 2010 Edition)
- Concrete Field Manual (September 7, 2018 Revision)
- Field Manual for Asphalt Mixtures (April 1, 2015 Revision)
- Materials Division SOPs
- Project Development Manual for Local Public Agencies (April 2019)
- Consultant Services Unit (CSU) Manual, Procurement, Management, and Administration of Engineering and Design-Related Services
- Standard Engineering Services Contract, including Exhibit 11, Progress Reporting Process

In addition, HKA analyzed the following data, as exported by MDOT from its various financial and management systems:

- Nov. 2019 – MDOT Staff Data: All MDOT employees, with salary information and division. Employee names are not included. Titles only.

- Engineer Consultant Contracts 2016 - 2018: All the awarded consultant contracts between 2016 and 2018. Includes the total contract amount, contract start and end date, and expenditures.

- MDOT projects data: Information for 388 MDOT projects executed between January 2016 and November 2018. The data includes information on awarded bid price, selected contractor, original completion date, final completion date, type of contract etc.

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- Bid Tabulations: For selected projects, MDOT provided detailed information on all the bid items of the contracts, including comparison to the original State Estimate.

- Detailed Cost Breakdown for Selected Projects: MDOT provided an export from FMS that breaks down the selected projects with all the associated contracts and expenditure. (ROW, Construction cost, Consultant cost, etc.)

- Nov. 2019 – MDOT Vehicle data: The state of MDOT's vehicle fleet as of November 2019. Includes information for the lifetime usage and cost for each vehicle in MDOT's fleet.

- FY19 – MDOT Vehicle Cost and Usage: The state of MDOT's vehicle fleet for the fiscal year 2019. Includes information for the usage and cost for each vehicle during the fiscal year 2019.

- FY15-FY19 MDOT Disposed Vehicle Data: All the vehicles disposed by MDOT from the fiscal year 2015 to the fiscal year 2019.

Interviews

HKA supplemented its document review and data analysis with interviews conducted with MDOT personnel (both at the Central Office and District Offices 3 and 5) to fully understand the effectiveness of the processes and procedures employed by DOT staff to deliver projects.

HKA also reached out to various external stakeholders, including representatives of:

- Federal Highway Administration (FHWA) Mississippi Division Office;
- Counties and Cities who engage with MDOT on the delivery of local public agency (LPA) projects;
- Mississippi Office of State Aid Road Construction; and
- Mississippi construction industry.

Benchmarking against Peer Agencies

HKA performed a selective comparison of MDOT's project governance practices to those used by peer agencies to identify opportunities to adapt cost-reducing strategies successfully implemented by other agencies to MDOT's program. HKA focused primarily on the contiguous states of Tennessee, Louisiana, Alabama, and Arkansas. HKA also reviewed national data and best practice information published by the American Association of State Highway and Transportation Officials (AASHTO), FHWA, and other transportation research organizations.

1.3   Overview of MDOT

Capital Program

MDOT's Statewide Transportation Improvement Program (STIP) for Fiscal years 2019-2022 is a framework for needed project expenditures to support the continued development of the state's transportation system. The current MDOT system includes approximately 11,000 centerline miles of roadway statewide. This includes close to 700 centerline miles of interstate highway, over 2,500 centerline miles of U.S. Highway, and nearly 7,600 centerline miles of State Routes in three Commission and six Maintenance Districts.

As noted in the MDOT's STIP for FY 2019-2022, MDOT's capital program falls into four general categories: *Highway Capacity, System Preservation, Bridge Replacement, and Highway Safety Improvements*. The current program is weighted heavily towards system preservation of pavements, and to a lesser extent bridge replacements, and safety improvements. Capacity projects are prioritized by year of need, volume to capacity ratio, and Average Annual Daily Traffic (AADT) volumes in accordance with State statutes

(Vision 21). System preservation and bridge projects are prioritized and rated by pavement or structural condition, significance of the route and other factors. Safety improvements are based on potential for reducing accidents and fatalities.

MDOT, like many transportation agencies, has been monitoring the asset condition of the state-maintained pavements and bridges and investing in maintenance and preservation to ensure current asset and performance management activities meet the new Federal objectives for performance-based asset management. Its STIP was developed towards meeting established performance targets by allocating the maximum available funding to maintenance and preservation of state-maintained pavements and bridges and to safety.

MDOT's overall program spending and categories of expenditures for fiscal year 2018 is shown in the following tables:

MDOT Spending by Program FY2018

Program	FY2018 Actuals
Construction	$ 759,592,348
Maintenance	$ 188,624,517
Administration, Equip. & Buildings	$ 47,453,520
Enforcement	$ 14,528,055
Aero, Rails, Tran & Ports	$ 34,879,897
Debt Service	$ 74,547,603
Total	$ 1,119,625,940

MDOT Spending by Object FY2018

Program	FY2018 Actuals
Salaries and Benefits	$ 157,902,681
Travel	$ 1,704,233
Contractual Services	$ 111,669,806
Commodities	$ 34,379,977
Capital Outlay - Payments to Contractors	$ 603,786,034
Capital Outlay - Land and Buildings	$ 20,953,980
Capital Outlay - Equipment	$ 12,584,568
Subsidies - Payments to State Aid, Public Transit, & Debit Service	$ 176,644,661
Total	$ 1,119,625,940

Governance Structure

State departments of transportation employ various types of governance models. Most state departments of transportation are governed by a secretary, commissioner, or director, as well as a policymaking board or commission, which is the model that governs MDOT. However, Mississippi's model is unique in that its transportation commissioners are elected.

Organizational Structure

Consistent with industry trends towards increasing decentralization of program delivery (to move decision-making closer to the customer), MDOT's organizational structure includes six District Offices. The District Offices are responsible for much of the day-to-

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day highway maintenance operations within the District, as well as the execution and oversight of construction projects.

Supporting these District efforts are Central Office personnel, who are responsible for establishing policies and procedures and for performing the research, design, materials management, and administrative functions needed to establish and implement the capital program.

Centralization of such core functions enhances programmatic consistency and eliminates redundancies. Similar to many other DOTs, MDOT's Central Office personnel are organized into different functional areas of specialized expertise, which provides efficiencies through the coordinated use of specialized technical skills and equipment.

MDOT currently has a total of 2,974 employees spread across the Central and various District offices. 905 (or just over 30 percent) of the employees report to the Central Office, while the remaining 2,069 are assigned to District Offices.

1.4   What does MDOT do well?

HKA's analysis showed that there are many things that MDOT currently does well in each of the individual areas of inquiry, as summarized below.

Organization and Staffing

- Recognizing that something must be done to improve employee recruitment and retention, MDOT has engaged a consultant to help evaluate its succession planning and knowledge management practices.

- MDOT's performance-based management system piloted by the Bridge Design Division is an innovative model for career development and promotion that MDOT should consider extending to other engineering divisions, such as Roadway Design. (Wider implementation of such a system would likely require coordination with the Mississippi State Personnel Board to establish mechanisms for tracking employee skill development and granting promotions.)

Consultant Services

- MDOT has implemented several best practices designed to ensure consultant contracts are awarded to the most qualified firm, at a fair and reasonable price, and are subsequently managed using an effective performance monitoring system.

Delivery of Capital Construction Projects

- MDOT solicits and evaluates bids in a fair and transparent manner.

- MDOT is developing a performance-based contractor prequalification system to help incentivize quality construction.

- Since 2011, MDOT has met FHWA's guidelines for estimate accuracy, with the State Estimate being within +/-10% of the low bid for at least 50% of the projects awarded each year. MDOT maintains a historical cost database, has a dedicated team of experienced Staff Estimators, and uses a uniform structure for preparing and presenting estimates.

- In response to difficult market conditions that often lack multiple bidders, MDOT strategically manages project lettings to encourage competition, and re-advertises projects when appropriate. (MDOT's re-advertisement of non-critical projects resulted in approximately **$4.5M in savings** from 2016 – 2018.)

• MDOT's Quality Assurance (QA) requirements for construction are generally reasonable, efficient, not overly restrictive, and allow the agency to remain cost effective while still providing appropriate assurance of the quality of the materials and manufactured products incorporated into work.	
Maintenance	
• MDOT was an early implementer of performance-based maintenance management and uses a performance-based maintenance management system.	
Fleet Management	
• In 2017 MDOT began installing GPS devices on all fleet vehicles. MDOT is now able to track among other things, idle time, speed alerts, harsh cornering, harsh braking, rapid acceleration, and similar information, and track if the issue occurred during working hours or not. Conservatively assuming 10 percent fuel savings due to GPS implementation, MDOT is likely saving upwards of $450,000 annually based on typical fuel expenditures of $4.5 million.	
Local Public Agency (LPA) Program	
• MDOT administers the program in strict accordance with FHWA guidelines for stewardship and oversight of federal aid projects administered by LPAs.	

1.5   What could MDOT improve?

HKA's analysis also identified several recommendations that would allow it to improve the efficiency of its operations or generate cost savings. These recommendations are summarized below.

Recommendations	Potential Benefits
Organization and Staffing	
Resource Management 1. MDOT should conduct a workforce study (leveraging the labor productivity data collected in MDOT's AMMO system and the operational cost information in the equipment management system) to determine what maintenance functions should be supported with in-house labor and equipment and what should be outsourced. 2. Similarly, for engineering staff, MDOT should manage and track the time spent by internal engineering resources on active projects and, as a longer-term goal, use such information for better prioritization and management of design workloads and more rational and transparent decision-making regarding the need for outsourcing.	• Improved resource management • More rational and transparent decision-making and documentation of the justification to outsource vs. self-peform • Improved workload prioritization
Staff Retention 3. MDOT should establish a thoughtful career development process that acts to attract and retain experienced staff through exposure to diverse projects and transparent career advancement opportunities. The performance-based based management system implemented by the Bridge Design Division provides a good model to follow for engineering staff.	• Improved employee engagement and resource management

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Recommendations	Potential Benefits
Knowledge Management 4. MDOT should implement a formal process for capturing and disseminating lessons learned from projects as a knowledge transfer and career development tool.	• Improved capture of institutional knowledge
Delivery of Capital Construction Projects	
Hiring Contractors 5. Improved competition will save costs. If MDOT had received at least 2 bids on 67 contracts in the audit sample that only attracted one bidder, it may have realized potential **savings of approximately $18M** in construction costs. As market conditions change or the program expands, MDOT should consider a formal contractor and supplier outreach program to enhance competition in the regions of the State with the lowest competition.	• MDOT's re-bidding of projects that initially received poor competition **saved $4.5 million** between 2016 and 2018
Cost Estimates 6. MDOT should assess project-specific risks and uncertainties to establish appropriate project contingency levels. 7. MDOT currently co-mingles contingency risk costs and construction engineering costs as a single budget line item. Construction engineering costs should be tracked as a separate line item to provide more visibility to the use of risk-related contingency funds for changes and quantity overruns.	• Improved understanding and visibility of how project risks can affect construction cost
Construction Cost Performance 8. Analysis of the 249 completed projects within the 3-year study period revealed that 52% were completed within budget and 48% were completed over budget resulting in a total overrun of $29M, primarily related to quantity variations. MDOT District Offices should require Project Engineers to improve the controls for actively tracking quantity variations, develop and use a standard template for tracking change orders, and more consistently document the reasons for quantity variations. 9. For the same 249 projects, 119 projects underran the budget. This appeared to be driven by overly conservative quantity estimates in the bid documents. This practice resulted in the **inefficient allocation of more than $23M**. MDOT should impart more rigor into its development of quantity estimates and discipline into its real-time monitoring and forecasting of potential overruns/underruns.	• Improved cost control and forecasts at completion • More efficient budget allocation through rigorous development of quantity estimates
Schedule Performance 10. Schedule growth appears to be closely correlated to project size and use of completion day contracts. For completion date contracts, MDOT should improve real-time schedule monitoring and forecasting of potential delays. 11. For the delivery of large projects with sensitive schedules and potential constructability challenges (i.e., similar to the active US 49 project), MDOT should consider requesting statutory authorization to use the CM/GC contracting method to potentially save delivery costs and time.	• Improved schedule management

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Recommendations	Potential Benefits
Quality Management 12. MDOT should consider moving towards a more programmatic risk-based approach to inspection and sampling and testing to focus limited inspection resources on critical items of work. 13. Converting to a system-based Independent Assurance program for certain items can result in better utilization of qualified sampling and testing personnel and avoid duplication of sampling and testing effort. 14. Using alternative measurement and payment methods (e.g., plan quantities or lump sum items) for selected items or features of work that can be accepted without the need for detailed field measurements (e.g., pier caps, bridge deck, etc.) could relieve some of the burden placed on overextended field staff.	• Opportunity for cost savings and time savings and improved resource allocation of personnel
Maintenance	
Performance-Based Maintenance Management 15. MDOT should standardize the use of the AMMO system across all Districts and encourage its use as a planning tool for resources, equipment and commodities for more predictable maintenance activities. 16. MDOT should tie performance-based Level of Service (LOS) targets to budgeting and planning and scheduling estimates for maintenance to determine the most effective deployment of maintenance staff to meet the targets.	• Better planning for maintenance staffing and resources tied to performance targets and goals
Outsourcing Decisions 17. MDOT should selectively outsource maintenance work that can be demonstrated to be reasonably competitive and cost effective compared to retaining permanent in-house staff and equipment.	• More rational and transparent decision-making • Potential for cost savings
Rest Area Optimization 18. MDOT should carefully evaluate its welcome centers and rest areas on the state highway system and either close underutilized rest areas in the vicinity of available alternate private commercial facilities or reduce service unless (or until) needed for emergencies. Comparable studies conducted by other DOTs have identified significant savings in janitorial and operations costs. 19. As an alternative to closures, MDOT could explore opportunities to privatize rest areas using a lease agreement with a private developer/operator to generate income and provide additional services to the traveling public. (Note that this recommendation would require a change in state statutes to allow a private operator.)	• Opportunity for cost savings in janitorial and operations costs
Fleet Management	
Vehicle Utilization 20. MDOT should take incremental steps to eliminate non-commute vehicles from the fleet that are consistently underutilized. 21. MDOT should eliminate underutilized commuting vehicles (< 15,000 miles/year) and repurpose as non-commute assignments.	Potential savings due to the avoidance of future acquisition costs: • **$13M** by not replacing underutilized <u>non-commute</u> vehicles • **$895K** by not replacing underutilized <u>commute</u> vehicles

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Recommendations	Potential Benefits
Optimization of Vehicle Replacement Schedule 22. MDOT should seek exemption from DFA's current fleet replacement policy and implement a more optimal strategy for major categories of vehicles and equipment in the fleet (both on-road and off-road) with the goal of reducing the overall age of the fleet and maximizing the salvage value	• Evaluating just pickup fleet with more than 150,000 miles, the projected savings are **$4.2M**.
Fleet Standardization 23. If the fleet were standardized to a few vehicle types or critical components, MDOT could potentially realize savings on parts, maintenance, repairs, and training, in addition to minimizing down time. (Note that this recommendation would require a change in DFA policy.)	• Potential for lower operating costs
Fleet Mechanics 24. MDOT should right size in-house vehicle maintenance staff in proportion to any reductions in fleet inventory.	• Reducing the number of mechanics by 20% (assuming a 20% reduction in vehicles) would lead to projected savings of up to **$600,000 annually**
Local Public Agency (LPA) Program	
25. MDOT should assess whether its internal LPA project development resources need to be increased to meet the demand for timely project development and concurrence reviews. Alternatively, reviews could be outsourced to others within MDOT or to consultants. 26. MDOT should consider implementing more robust LPA certification programs that would reduce its need for oversight and allow certified LPAs to use approved local standards and specifications and practice greater discretion regarding the use of federal funds. 27. MDOT should work with FHWA to increase the flexibility for LPAs to use federal funding where they need it most and allow projects to move forward earlier than they would otherwise.	• Expedited project delivery • Potential for significant cost and time savings to the LPA stemming from less stringent design and QA requirements

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2. Staffing

2.1   Introduction

The success of any organization, MDOT included, is largely dependent on the performance of its employees. The ability to develop and retain experienced staff is both an essential element and an indicator of an organization's success. Moreover, as analyzed in a 2014 Report to the Mississippi Legislature prepared by the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER), substantial cost savings could be realized if MDOT had the internal resources to perform more engineering work in-house, thereby reducing the current reliance on more costly external consultants (PEER Report #581).

Considering the challenges transportation agencies nationwide are facing with staff retention in a competitive labor market, substantial growth in MDOT's staff resources is unlikely given the current salary structure. Assuming outsourcing of specialty work and peak-load demand will therefore remain unavoidable, this chapter focuses on the strategies MDOT is employing to develop and retain its existing staff structure so as not to lose vital institutional knowledge and the ability to effectively oversee work performed by others.

To provide context for these strategies, Section 2.2 first characterizes MDOT's current staff resources, focusing primarily on the engineering and maintenance staff who are critical to MDOT's mission of providing "a safe intermodal transportation network that is planned, designed, constructed and maintained in an effective, cost efficient, and environmentally sensitive manner." Section 2.3 then explores the following questions:

- What initiatives can MDOT implement, apart from increasing salaries, to help retain in-house engineering and project management expertise?

- Are formal training, career development paths, and succession plans established to help ensure a sustainable core workforce?

- Is a formal process in place to capture institutional knowledge and lessons learned as a growing number of experienced staff approach retirement?

Chapter Highlights

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Section 2.2: Organizational Structure and Staffing			
Organizational Structure	▲	• Consistent with industry trends to move decision-making closer to the customer, MDOT largely has a decentralized structure consisting of: – Six District Offices, responsible for much of the day-to-day highway maintenance operations – Central Office staff, responsible for establishing policies and procedures and for performing the research, design, materials management, and administrative functions needed to establish and implement the capital program	• Central Office staff could assume a stronger leadership role in harnessing the information available in MDOT's various information management systems (e.g., AMMO, STEMS) to identify trends and assist with workforce planning and outsourcing decisions.

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations

Staff Turnover (Maintenance)	■	• Similar to other DOTs nationally, MDOT struggles to attract and retain employees given the pay disparity between the public and private sector. MDOT salaries are also lower than the national and regional averages of other DOTs.
		
		• For maintenance workers, low wages are contributing to excessive turnover, leaving behind a largely inexperienced staff, who appear to be less efficient than their peers in other DOTs (as measured by the number of lane miles maintained per maintenance worker).
			• Maintaining and preserving a deteriorating highway system with inexperienced crews and high turnover rates is not sustainable. If salaries cannot be increased, MDOT should conduct a workforce study to determine:
			
			  − What activities can MDOT perform efficiently (using productivity rates that reflect the current crew composition and level of experience)?
			
			  − What is the real cost (labor, equipment, and materials) for MDOT to perform these work activities in-house?
			
			  − How competitive is the market for outsourced maintenance and repair work, which may entail unpredictable, low volume, and resource-intensive work?
			
			• Such information should then be used to make rational decisions regarding outsourcing vs. self-performance.

Staff Turnover (Engineering)	■	• Engineering Divisions are likewise experiencing heavy turnover and have difficulty retaining mid-level engineers. • MDOT may soon face a loss of institutional knowledge as its more senior-level workforce begins to retire. • To fill resource gaps, a significant amount of engineering design work is contracted out to private sector consultants. • Potential savings in contractual expenditures could be realized if MDOT had the resources to perform more engineering work in-house (as reported previously in PEER Report #581).	• Instituting a robust process to manage internal resources would allow for better prioritization and management of design workloads and more rational and transparent decision-making regarding the need for outsourcing.
Section 2.3: Staff Retention Strategies			
Recruitment and Retention	▲	• Recognizing that something must be done to improve employee recruitment and retention, MDOT has engaged a consultant to help evaluate its succession planning and knowledge management practices. • To allow for internal promotions, MDOT maintains several open positions that it can draw upon to promote talented employees.	• Establish a thoughtful career development process that acts to attract and retain experienced staff through exposure to diverse projects and transparent career advancement opportunities.

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations

Professional Development	▲	• To implement a rational promotion policy while also broadening the skillsets of its staff, MDOT's Bridge Design Division developed an innovative performance-based employee management system in January 2018. In the time since first piloting this system, the Bridge Design Division has realized the following benefits:
		  – Better employee management
		  – More in-house expertise
		  – Increased project awareness
		
		• MDOT's Bridge Design Division estimates that newly developed in-house skills in steel plate girder designs will avoid $100,000 to $300,000 in consultant fees annually by reducing the need to outsource such design services.
			• MDOT should extend this performance-based management system to other engineering divisions, such as Roadway Design. Although the exact framework (tasks, points, etc.) would be unique to each division, the approach used to develop the system could be modeled after the system successfully piloted by the Bridge Division.
			
			• As a longer-term goal, once more data has been collected, MDOT should use the information and metrics collected from the management system to better understand typical task durations for project planning purposes.

Knowledge Management	▲	• MDOT maintains a very detailed set of programmatic documents (e.g., manuals, standard practices, standard specifications, checklists, etc.), accessible online, that can be used to:
		  – Counter the loss of institutional knowledge (e.g. when long-tenured staff retire or move to new positions); and to
		  – Facilitate communication, training, and the regular re-evaluation of processes and standards.
			• As part of the lessons learned process, MDOT should periodically review these manuals to determine if updates are needed.

Lessons Learned	●	• Lessons-learned appear to be only captured on an ad hoc basis. For example, one District has been working to identify common sources of change orders.	• MDOT would benefit from a formal process for capturing lessons learned from larger projects. • These lessons learned could then be used to facilitate regular (e.g., semi-annual or annual) workshops in which personnel from the various Districts and Central Office meet to discuss common issues and transfer knowledge. • As a longer-term goal, lessons learned should be archived into a readily accessible platform (e.g., a Sharepoint site) to assist future project development activities.

|	
▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

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2.2   Organizational Structure and Staffing

Organizational Management Structure

1. Consistent with industry trends towards increasing decentralization of program delivery (to move decision-making closer to the customer), MDOT's organizational structure includes six District Offices, as shown in Figure 2.2-1. The District Offices are responsible for much of the day-to-day highway maintenance operations within the District, as well as the execution and oversight of construction projects. Each District has a District Engineer who oversees, directs, and coordinates all MDOT operations within that District.

Figure 2.2-1: MDOT Organizational Structure

Six District Offices act as the "action arm" of MDOT, ensuring that the Department's mission is carried out.

Central Office staff (i.e., "Headquarters") provides support in the form of setting policies and procedures and performing the research, design and administrative functions needed to establish and implement the capital program.
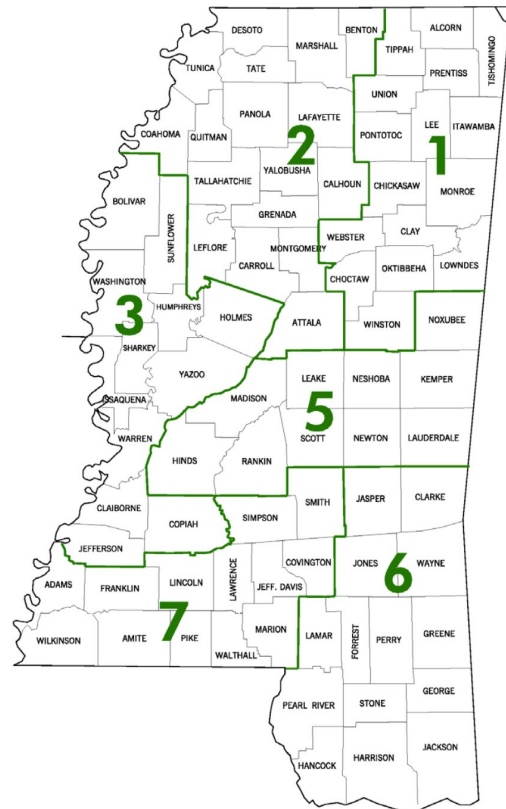
MDOT Districts:

District 1: Alcorn, Chickasaw, Choctaw, Clay, Itawamba, Lee, Lowndes, Monroe, Oktibbeha, Pontotoc, Prentiss, Tippah, Tishomingo, Union, Webster, and Winston.

District 2: Attala, Benton, Calhoun, Carroll, Coahoma, DeSoto, Grenada, Lafayette, Leflore, Marshall, Montgomery, Panola, Quitman, Tallahatchie, Tate, Tunica, and Yalobusha.

District 3: Bolivar, Claiborne, Copiah, Holmes, Humphreys, Issaquena, Jefferson, Sharkey, Sunflower, Warren, Washington, and Yazoo.

District 5: Hinds, Rankin, Madison, Noxubee, Kemper, Lauderdale, Neshoba, Newton, Leake, and Scott.

District 6: Clarke, Jasper, Wayne, Jones, Greene, Perry, Forrest, Lamar, George, Stone, Pearl River, Jackson, Harrison, and Hancock.

District 7: Adams, Amite, Covington, Franklin, Jefferson Davis, Lawrence, Lincoln, Marion, Pike, Simpson, Smith, Walthall, and Wilkinson

(There is no longer a District 4.)

2. Supporting these District efforts are Central Office personnel, who are responsible for establishing policies and procedures and for performing the research, design, materials management, and administrative functions needed to establish and implement the capital program. Centralization of such core functions enhances programmatic consistency and eliminates redundancies.

3. As a direct result of some of the staffing challenges cited later in this section, MDOT has increasingly been resorting to outsourcing certain activities that were historically performed in-house.

    a. For example, to help fill resource gaps, a significant amount of engineering design work for roadways and bridges is now contracted out to private sector consultants.

    b. For the most part, MDOT's maintenance program activities continue to be performed by in-house District staff. However, voluntary turnover in

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response to a competitive labor market is resulting in significant knowledge and experience gaps that threaten the ability of MDOT to continue to perform more specialized work (e.g., seal coating) with in-house forces.

4. MDOT currently has a total of 2,974 employees spread across the Central and various District offices.

   Staff Numbers

   a. As summarized in Table 2.2-1 below, 905 (or just over 30 percent) of the employees report to the Central Office, while the remaining 2,069 are assigned to District Offices.

   b. Befitting their role as the "action arm" of MDOT, District personnel on average fall into the following categories:

      • Maintenance staff – 53%
      • Engineers and engineer technicians – 31%
      • Other positions (including mechanics, administrators, bridge inspectors, etc.) – 17%

   c. Compared to the Districts, the Central Office has a larger number of engineers, in addition to several other specialty roles including enforcement officers (163), information analysts and systems administrators (86), accountants/auditors (39), and other non-operational administrative functions.

Table 2.2-1: Filled Staff Positions by Location (as of November 2019)

Location	Engineers[1]	Engineer Tech	Maintenance[2]	Mechanics	Admin	Other	Grand Total
District 1	21	89	184	11	10	26	**341**
District 2	28	88	198	13	11	35	**373**
District 3	15	47	133	10	14	20	**239**
District 5	29	137	203	20	19	33	**441**
District 6	24	101	186	11	19	44	**385**
District 7	14	64	169	11	12	20	**290**
Central Office	123	99	33	4	63	583[3]	**905**
Grand Total	**254**	**625**	**1,106**	**80**	**148**	**761**	**2,974**

1. Includes Engineers, Engineer Administrator Assistant, Engineer Bureau Administrator, & Engineer Division Administrator
2. Includes Maintenance Technician, Maintenance Support, & Maintenance Operation Manager
3. Includes Enforcement Officers (163), Accountants/Auditors (39), information systems analysts and administrators (86), and other roles

5. Similar to many other DOTs, MDOT's Central Office personnel are organized into different functional areas of specialized expertise (see Table 2.2-2). Given MDOT's current focus on system preservation, this organizational structure provides efficiencies through the coordinated use of specialized technical skills and equipment.

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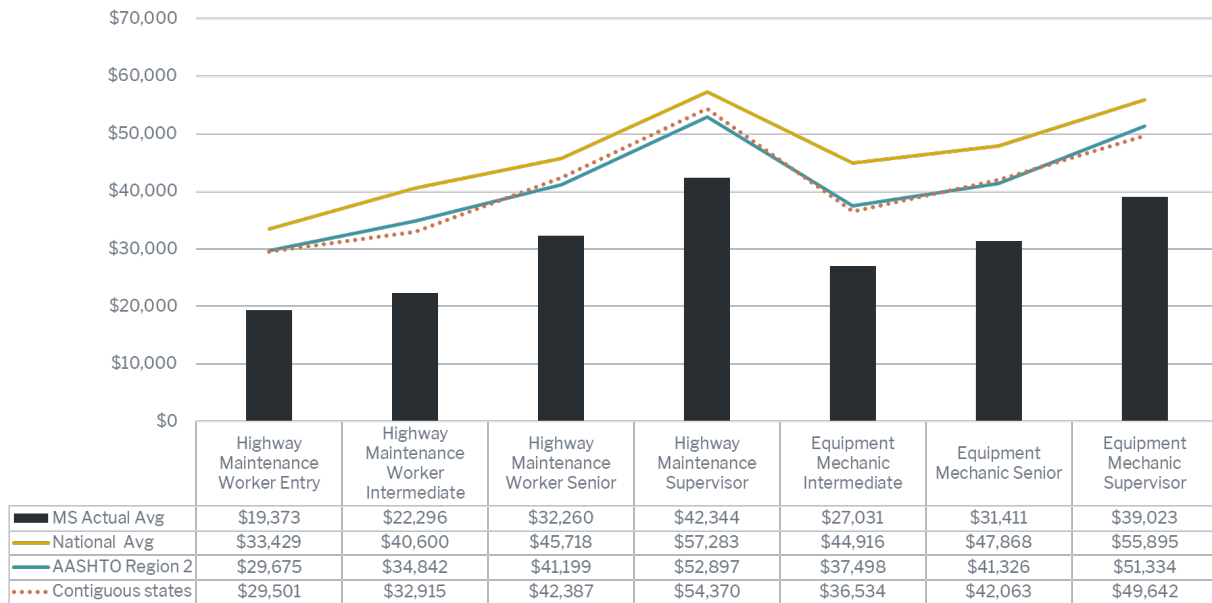*Table 2.2-2: Central Office Employee Distribution by Division*

Central Office Divisions	# of Employees	% of Central Office Total
Office of Enforcement	196	21.66%
Information Systems	89	9.83%
Traffic Engineering	76	8.40%
Materials	73	8.07%
Central Services	52	5.75%
Roadway Design	46	5.08%
Planning	40	4.42%
Bridge Design	39	4.31%
Financial Management	37	4.09%
Right of Way	32	3.54%
Human Resources	28	3.09%
Environmental	20	2.21%
Maintenance	18	1.99%
Construction	15	1.66%
Public Transit	13	1.44%
Contract Administration	13	1.44%
Procurement	12	1.33%
Research	11	1.22%
Public Affairs	9	0.99%
Highway and Rail Safety	9	0.99%
Asset Management	8	0.88%
Consulting Contractual Services	7	0.77%
Office of Civil Rights	7	0.77%
Audit	6	0.66%
Office of Administrative Services	6	0.66%
Office of Highways - Chief Engineer	6	0.66%
Programming	5	0.55%
Budget	5	0.55%
Local Public Agencies	4	0.44%
Transportation Commission - Southern	3	0.33%
Transportation Commission - Central	3	0.33%
Ports and Waterways	3	0.33%
Aeronautics	3	0.33%
Office of Intermodal Planning	2	0.22%
Transportation Commission	2	0.22%
Office of Executive Director	2	0.22%
Transportation Commission - Northern	2	0.22%
Administration - Operations	1	0.11%
Legal	1	0.11%
Administration – Pre-Construction	1	0.11%
Grand Total	**905**	**100.00%**

Staff Salary

6. Salaries of MDOT staff are set by the State Personnel Board.

7. Similar to other DOTs nationally, MDOT struggles to attract and retain employees given the pay disparity between the public and private sector.

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8. In addition to losing talent to the private sector, MDOT claims that higher wages offered by other public sector agencies (including the DOTs of surrounding states and counties within Mississippi) are also contributing to the voluntary turnover seen amongst maintenance workers and design engineers.

9. Focusing first on maintenance workers and mechanics, Figure 2.2-2 demonstrates that the average salary for MDOT employees ranks below the averages seen nationally across all DOTs as well as on a more regional basis (i.e., in the DOTs comprising AASHTO Region 2 and in the DOTs of the States contiguous to Mississippi).

Figure 2.2-2: Comparison of Average Salary for Maintenance and Mechanic Positions
(Data source: 2018 American Association of State Highway and Transportation Officials (AASHTO) Salary Survey)

	Highway Maintenance Worker Entry	Highway Maintenance Worker Intermediate	Highway Maintenance Worker Senior	Highway Maintenance Supervisor	Equipment Mechanic Intermediate	Equipment Mechanic Senior	Equipment Mechanic Supervisor
MS Actual Avg	$19,373	$22,296	$32,260	$42,344	$27,031	$31,411	$39,023
National Avg	$33,429	$40,600	$45,718	$57,283	$44,916	$47,868	$55,895
AASHTO Region 2	$29,675	$34,842	$41,199	$52,897	$37,498	$41,326	$51,334
Contiguous states	$29,501	$32,915	$42,387	$54,370	$36,534	$42,063	$49,642

Note: AASHTO is a nonprofit, nonpartisan association representing highway and transportation departments in the 50 States, including the District of Columbia and Puerto Rico.
AASHTO Region 2 includes the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, West Virginia. The contiguous states include Alabama, Arkansas, Louisiana, and Tennessee.

Key Takeaway: The average salary for MDOT's maintenance workers and mechanics ranks below the averages seen nationally across all DOTs, in the DOTs comprising AASHTO Region 2, and in the DOTs of the States contiguous to Mississippi.

a. Specifically, the salaries of MDOT's maintenance workers are on average:

- 36% less than the national DOT average;

- 28% less than the AASHTO Region 2 average (with AASHTO Region 2 including the DOTs in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia); and

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- 28% less than the average of the DOTs in the contiguous states of Alabama, Arkansas, Louisiana, and Tennessee.
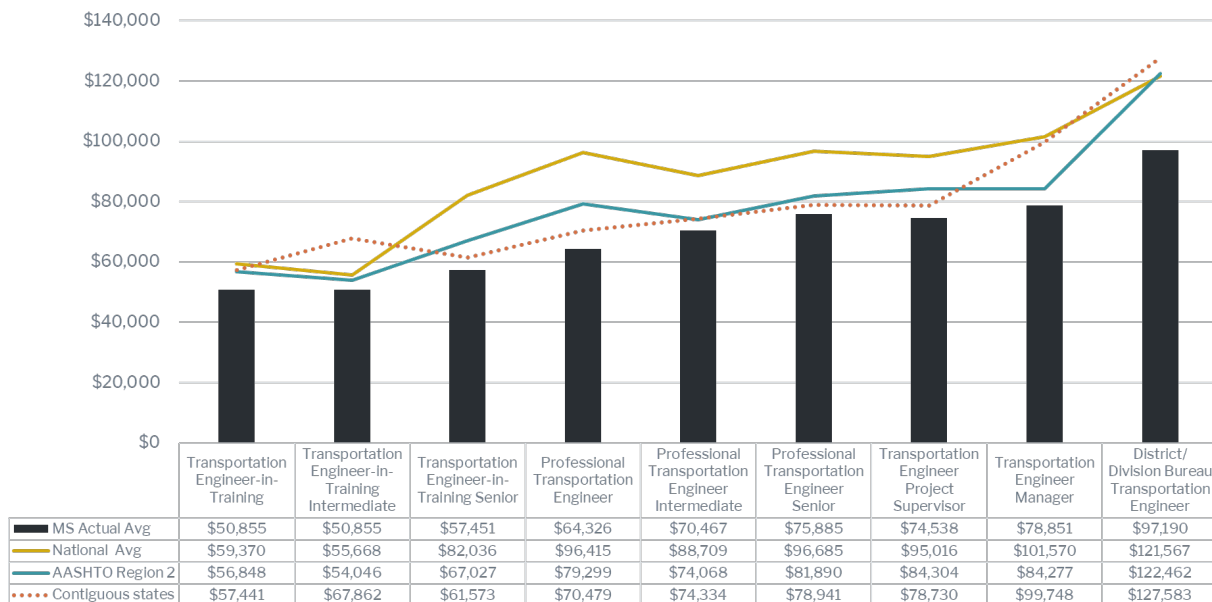
b. Likewise, the salaries of MDOT's mechanics are on average:

- 35% less than the national DOT average,
- 25% less than the AASHTO Region 2 average, and
- 24% less than the average of the surrounding states.

10. Figure 2.2-3 shows that MDOT also ranks below the national, AASHTO Region 2 and contiguous state averages for salaries paid to engineers.

Figure 2.2-3: Comparison of Average Salary for Engineering Positions
(Data source: 2018 American Association of State Highway and Transportation Officials (AASHTO) Salary Survey)

	Transportation Engineer-in-Training	Transportation Engineer-in-Training Intermediate	Transportation Engineer-in-Training Senior	Professional Transportation Engineer	Professional Transportation Engineer Intermediate	Professional Transportation Engineer Senior	Transportation Engineer Project Supervisor	Transportation Engineer Manager	District/ Division Bureau Transportation Engineer
MS Actual Avg	$50,855	$50,855	$57,451	$64,326	$70,467	$75,885	$74,538	$78,851	$97,190
National Avg	$59,370	$55,668	$82,036	$96,415	$88,709	$96,685	$95,016	$101,570	$121,567
AASHTO Region 2	$56,848	$54,046	$67,027	$79,299	$74,068	$81,890	$84,304	$84,277	$122,462
Contiguous states	$57,441	$67,862	$61,573	$70,479	$74,334	$78,941	$78,730	$99,748	$127,583

Note: AASHTO is a nonprofit, nonpartisan association representing highway and transportation departments in the 50 States, including the District of Columbia and Puerto Rico.
AASHTO Region 2 includes the following states: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, West Virginia. The contiguous states include Alabama, Arkansas, Louisiana, and Tennessee.

Key Takeaway: MDOT also ranks below the national, AASHTO Region 2 and contiguous state averages for salaries paid to engineers.

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a. In contrast to the maintenance workers and mechanics, the salaries that MDOT can offer engineers is more in line with, but still below, the averages reported by the surrounding states and AASHTO Region 2, particularly for entry-level and less experienced engineers.

b. Specifically, the average MDOT salary for engineers is 11% less than the AASHTO Region 2 average and 12% less than the average of the surrounding states.

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    c.   The average MDOT entry level salary for engineers (i.e., Engineer-in-Training) is relatively competitive, even compared to the national average.

    d.   As engineers gain more experience, MDOT salaries begin to significantly diverge from the national average, while remaining somewhat in line with the regional average (where demographics are expected to be more comparable).

    e.   At the most senior level (district or divisional head), MDOT engineers are far below both national and regional averages.

11.   As shown earlier in Table 2.2-1, MDOT has a total of 1,106 maintenance workers, who fill the positions of maintenance technicians, maintenance support, and maintenance operation managers. Comparing this staff size to that reported by other DOTs in response to the 2018 AASHTO Salary Survey[1], MDOT has more maintenance workers than the national DOT average of 1,034, but less than the AASHTO Region 2 average of 1,315 and the contiguous state average of 1,174.

12.   To better represent the relative size of maintenance staffs across different DOTs, Figure 2.2-4 displays the number of lane miles[2] per DOT maintenance worker by State.

    a.   This ratio (lane miles per maintenance worker) was obtained by dividing the total number of lane miles maintained by each State DOT (based on statistics compiled by FHWA[3]) by the number of maintenance workers within that DOT (based on the 2018 AASHTO Salary Survey data).

    b.   As shown, MDOT has a ratio of 25 lane miles per worker, which is the 13th lowest out of the 46 States responding to the AASHTO survey.

    c.   All things being equal, the higher the ratio, the more efficient the maintenance program (i.e., each worker would be responsible for a greater area of roadway). It is important to note, however, that several other factors influence the size of a DOT's maintenance force, including:

- The degree to which a DOT outsources certain maintenance functions, whether to the private sector or to local counties or municipalities (note that MDOT largely self-performs most highway maintenance functions);

- The relative experience levels of staff; and

- The relative condition of the roads being maintained.

Focus on MDOT Maintenance Staff

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[1] https://store.transportation.org/Item/PublicationDetail?ID=4193

[2] Lane miles are used to measure the total length and lane count of a given highway or road. Lane miles are calculated by multiplying the centerline mileage of a road by the number of lanes it has.

[3] https://www.fhwa.dot.gov/policyinformation/statistics/2018/hm81.cfm

Figure 2.2-4: Lane Miles per Maintenance Worker
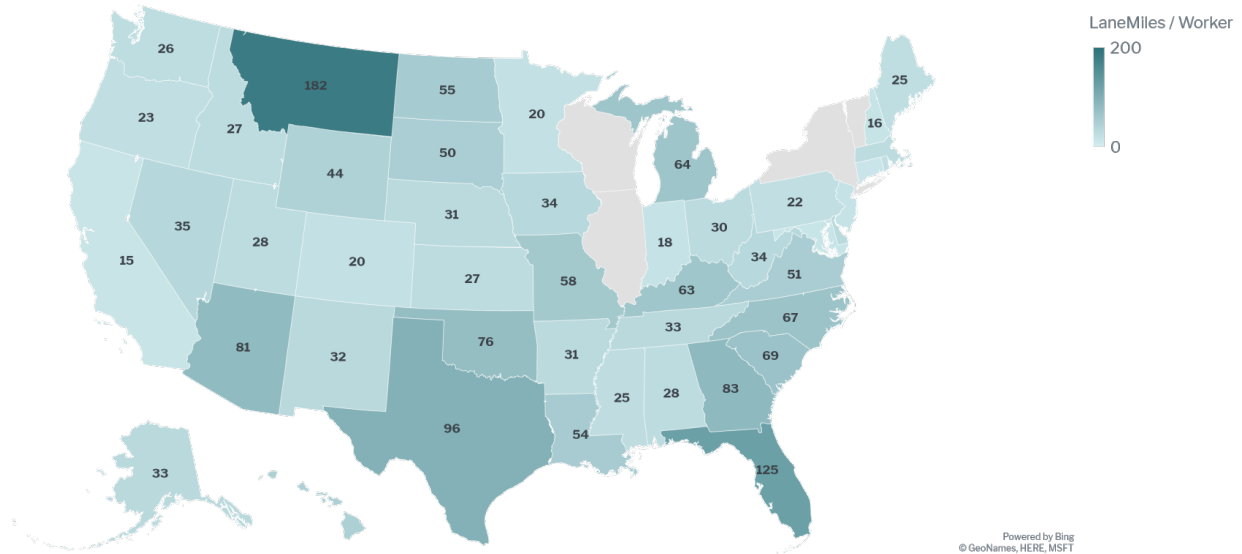
The map displays the ratio of lane miles per DOT maintenance worker in each state, as obtained by dividing the total number of lane miles maintained by each DOT (based on statistics compiled by FHWA) by the number of maintenance workers within that DOT (based on the 2018 AASHTO Salary Survey data).

The darker the color of the State, the more lane miles per worker. States with gray shading did not submit data.

Key Takeaway: MDOT has a relatively large maintenance force in comparison to other DOTs. Factors that could affect the number of internal maintenance staff include the degree of outsourcing performed as well as the relative experience level of staff.

13. Likely contributing to the size of MDOT's maintenance force is staff inexperience. As shown in Figure 2.2-5 below, a much higher percentage of MDOT maintenance workers are entry-level compared to the national and regional averages.

   a. Such data support MDOT's contention that high turnover occurs at the entry-level position, which creates a continual vacuum of experienced maintenance crews with the knowledge, skills, and leadership abilities needed to efficiently carry out maintenance operations.

   b. As characterized by an MDOT District employee, "inexperience is MDOT's biggest efficiency eater."

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Figure 2.2-5: Relative Experience of MDOT Maintenance Staff
(Data source: 2018 American Association of State Highway and Transportation Officials (AASHTO) Salary Survey)
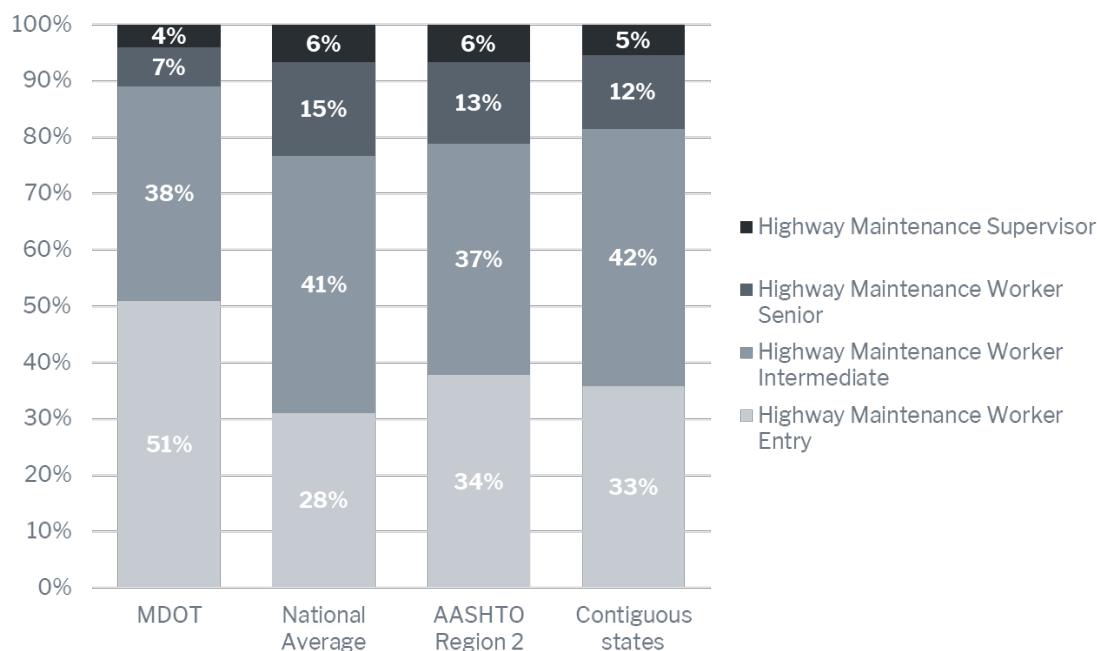
Key Takeaway: A much higher percentage of MDOT maintenance workers are entry-level compared to the national and regional averages.

14. According to District personnel, MDOT does not have difficulty attracting entry-level workers, who view working for the DOT as an important steppingstone towards obtaining valuable experience and credentials (e.g., Commercial Driver's Licenses).

15. Retaining these entry level workers is another matter. As previously demonstrated in Figure 2.2-2, MDOT's maintenance workers do not receive a competitive wage, even compared to those working for other public sector agencies. Once such workers obtain the requisite experience with MDOT, they generally move on to higher paying positions elsewhere.

16. Maintaining and preserving a deteriorating highway system with inexperienced crews and high turnover rates is not sustainable.

> Maintaining and preserving a deteriorating highway system with inexperienced crews and high turnover rates is not sustainable.

    a. Other DOTs and agencies across the country have addressed this challenge by handling maintenance and repairs using long-term on-call service contracts, that not only reduce the number of workers needed but also reduce the fleet size and the need for specialized equipment.

    b. For MDOT to determine a rational course of action regarding continuing to perform work in-house with employees that do not earn a competitive wage versus outsourcing, it should harness the workforce productivity information collected in its Accountability in MDOT Maintenance

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Operations (AMMO) system, along with the relevant utilization and operational cost information maintained in its equipment management system (STEMS), to determine:

- What activities can MDOT perform efficiently (using productivity rates that reflect the current crew composition and level of experience)?

- What is the real cost (labor, equipment, and materials) for MDOT to perform these work activities in-house?

- How competitive is the market for outsourced maintenance and repair work, which may entail unpredictable, low volume, and resource-intensive work?

    c. Although some District Offices individually look at such information on an ad hoc basis, a more coordinated and systematic review should be conducted by Central Office personnel responsible for setting policies.

17. Another option to improve maintenance efficiency would entail placing more emphasis on recruiting seasoned employees or recent retirees from construction, trucking, military, or related industries who are interested in starting a second career at the DOT.

    a. Such employees tend to be less focused on salary, career ladders, and flexible schedules than their younger, entry-level counterparts, and could provide a much-needed infusion of knowledge and stability into the maintenance ranks.

    b. Drawing such personnel, however, would likely require modifying the benefits package (defined benefit vs. contribution plans) to make working at the DOT attractive as an encore career.

Focus on MDOT Engineering Staff

18. As previously reported in Table 2.2-1, MDOT employs 254 engineers with varying levels of experience. Figure 2.2-6 below shows how the engineering staff members are distributed across several different experience levels and job functions.

    a. 24 percent of the engineering staff have the title "Engineer-in-Training". Engineers-in-Training are generally recent college graduates with engineering degrees who are working towards acquiring licensure as a professional engineer. While such staff are a much-needed resource in any DOT, their relative inexperience limits the work they can perform.

    b. Professional Engineers and Intermediate Professional Engineers, who together make up 20 percent of MDOT's engineers, are licensed engineers in the State of Mississippi who tend to specialize in a particular engineering discipline such bridge design, with usually 1 to 4 years of professional experience following their time as an Engineer-in-Training.

    c. Senior Professional Engineers (27 percent of MDOT's engineering staff) are considered experts in their discipline and can approve, manage, and design projects.

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d. The remaining 29 percent of the MDOT engineers hold management and leadership positions in the Districts or in the Central Office.
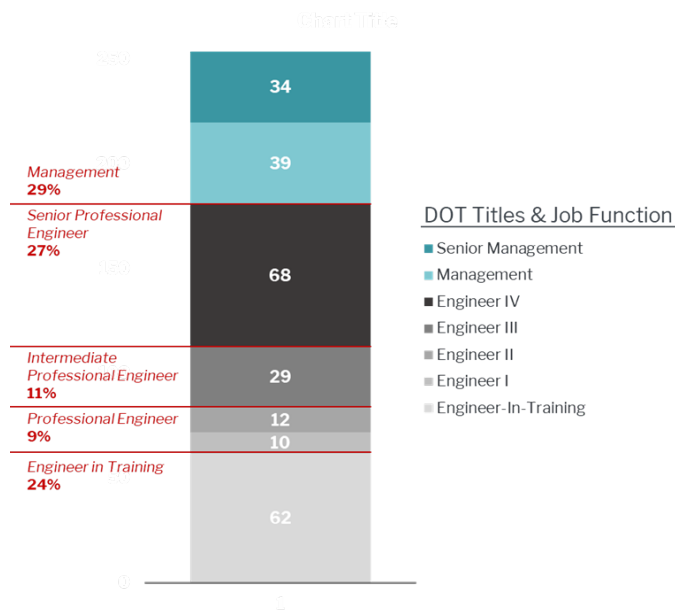
Figure 2.2-6: Distribution of Engineering Positions based on Experience Level and Job Function

The column chart illustrates the number of engineers employed by MDOT (254 in total). The descriptions on the left translate the MDOT titles according to the experience level and job functions seen in other agencies nationally.

19. Excluding those in management and leadership positions, MDOT has 181 engineers. Figure 2.2-7 compares the experience and classifications of these employees to the national and regional DOT averages.

Figure 2.2-7: Relative Experience of MDOT Engineers
(Data source: 2018 American Association of State Highway and Transportation Officials (AASHTO) Salary Survey)
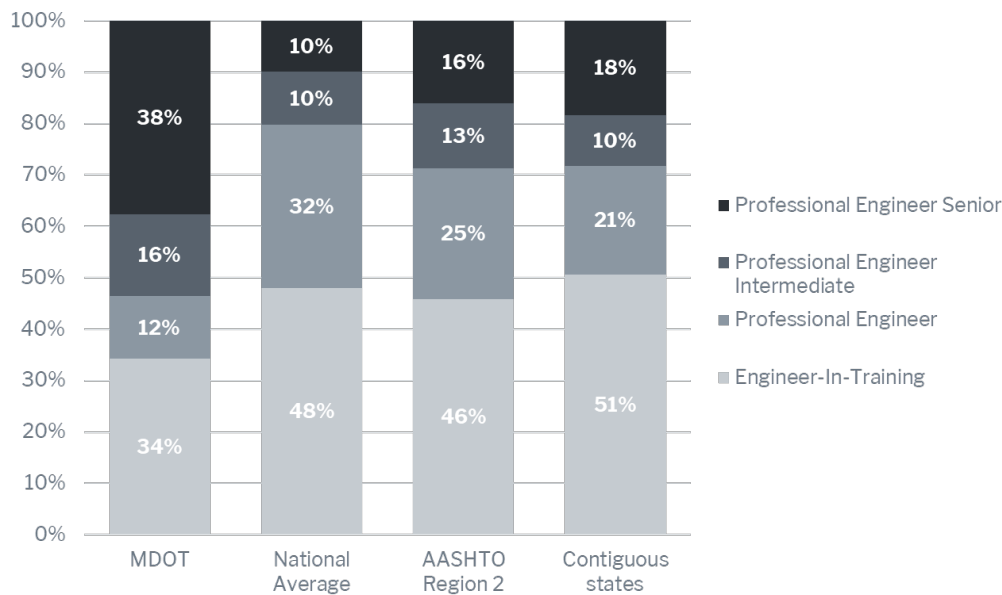
Key Takeaway: In comparison to other DOTs, MDOT has a greater imbalance of engineering knowledge, with the majority of engineers falling into the senior-level classification. This suggests that MDOT may soon face a significant loss of institutional knowledge as this more senior-level workforce begins to retire.

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20. As shown, MDOT has a relatively low percentage of mid-level engineers, suggesting that once MDOT's Engineers-in-Training receive the Professional Engineer credential, they are not necessarily inclined to stay on with the DOT.

21. In addition, the majority of MDOT's experienced engineers will soon be eligible for retirement, suggesting that MDOT may soon face a significant loss of institutional knowledge.

    The last group of MDOT workers that had exposure to large-scale roadway capacity projects are quickly approaching retirement.

    a. Several DOTs have been challenged with finding ways to manage the knowledge gap left by a wave of retirees. Unlike most DOTs, however, MDOT has not embarked on a substantial new capacity program in decades, as financial constraints forced MDOT to focus its capital construction program on system preservation. Although preservation projects are vital to road user safety and comfort, they rarely offer opportunities for engineers to obtain or practice the highly specialized skillsets needed to design complex road and bridge projects. The last generation of MDOT workers that performed such work are among those in the impending retirement class.

    b. In the short-term, as MDOT continues to pursue relatively routine preservation projects, the loss of such specialized skills may not be strongly felt. However, the condition of MDOT's roadways suggests that substantial investment in reconstruction and new capacity cannot be pushed too far into the future, at which point the knowledge gap would become more pronounced and MDOT would likely require some assistance from specialty consultants.

Outsourcing Design Services

22. As could be expected given the staffing challenges noted above, MDOT has increasingly turned to outsourcing certain services to consultants.

    a. Table 2.2-3 identifies the number and value of consultant contracts executed on the behalf of various MDOT Divisions between fiscal years 2016 and 2018. The table also identifies the number of MDOT employees in these divisions.

    b. As shown, the most prominent users of consultant contracts (both by the number and aggregated dollar value of contracts) are the Bridge Design and Roadway Design Divisions.

Table 2.2-3: Consultant Contracts and Employees by Division (Fiscal Years 2016-2018)

Division	MDOT Employees	# of Contracts	Total Contract Amount
Bridge Design	39	189	$ 32,995,349.22
Roadway Design	46	104	$ 23,201,830.21
Planning	40	34	$ 9,117,910.93
Traffic Engineering	76	25	$ 4,644,311.05
Research	11	23	$ 3,883,160.24
Maintenance	18	8	$ 1,358,769.46
Materials	73	13	$ 1,153,836.38

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Division	MDOT Employees	# of Contracts	Total Contract Amount
Environmental	20	27	$ 951,675.27
Office of Civil Rights	7	9	$ 558,655.75
Programming	5	17	$ 487,840.32
Local Public Agencies	4	4	$ 429,948.65
Consulting Contractual Services	7	3	$ 276,989.91
Construction	15	2	$ 224,669.25

The following division/contracts were excluded from this table due to comparatively negligible contract values: District 3, District 5, State Surveyor, US49 Construction Engineering/Inspection and Geotechnical Branch.

Key Takeaway: MDOT's Bridge and Roadway Design Divisions are the largest users of consultant services.

23. Based on the number and composition of staff within the Bridge Design and Roadway Design Divisions, as shown in Table 2.2-4, the need for consultant support is not surprising.

Table 2.2-4: Staff Breakdowns of Bridge Design and Roadway Design Divisions

Bridge Design Division		Roadway Design Division	
Role	**# of Employees**	**Role**	**# of Employees**
Administrative Assistant	2	Administrative Assistant	2
Bridge Inspector IV	2	District Surveyor Senior	2
Engineering Tech	1	Engineering Tech	22
Engineer-In-Training	13	Engineer-In-Training	4
Engineer I	0	Engineer I	3
Engineer II	2	Engineer II	2
Engineer III	3	Engineer III	1
Engineer IV	11	Engineer IV	5
Project Officer III	1	Administrator I	1
Engineer Administrator Assistant	3	Engineer Administrator Assistant	3
Engineer Division Administrator	1	Engineer Division Administrator	1
Total – Bridge Design Division	**39**	**Total – Roadway Design Division**	**46**

Key Takeaway: Resource gaps in Bridge Design and Roadway Design are driving these MDOT Divisions to increasingly outsource for design services.

24. PEER Report #581 found that MDOT could realize substantial cost savings (approaching $22 million annually) if it performed more design work in-house.

    a. However, given the current salary constraints, the likelihood of MDOT being able to attract and retain the engineering staff needed to minimize use of consultants is unlikely.

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b. What MDOT can control is the processes by which it manages its consultants to ensure quality and prevent cost and scope growth. To this end, MDOT has implemented rigorous processes related to the hiring and managing of consultants (see Chapter 3 of this report). MDOT's implementation of such controls indicates that it understands the risks of outsourcing and is attempting to manage such risks.

c. An area that would benefit from a similar level of discipline and rigor relates to the time and utilization tracking of MDOT's own engineering staff. It would be beneficial for MDOT's internal workload planning and prioritization efforts if a system were in place that tracked in-house engineering personnel hours by project and task (similar to what MDOT requires of its consultants). Such data could then be used to make more rational decisions regarding outsourcing needs.

2.3   Staff Retention Strategies

1. Outside consultants and contractors can provide valuable support and expertise for performing specialized work assignments, as well as for managing peak workloads to avoid cyclic hiring. However, outsourcing must be balanced against the need to develop core competencies within DOT staff who can be held accountable for decision-making and project performance.

2. Because MDOT employees make attractive hires for the local consulting and contracting industries, MDOT needs to make a concerted effort to retain experienced staff on its payroll.

3. Modifying the salary and benefits structure (e.g., pension vesting) is largely out of MDOT's control. This section therefore focuses on the strategies that MDOT has or could implement to help retain talented employees through thoughtful career development paths and knowledge transfer activities.

Lack of staff resources having adequate knowledge and expertise increases the risk of:

- Inconsistent project oversight (leading to cost or schedule growth)
- Overreliance on consultants;
- Ineffective decision-making; and
- Stakeholder dissatisfaction

4. Promoting internal staff provides two key benefits:

- It saves recruitment and training dollars, while also

- Contributing to retention by helping staff see opportunities for advancement and their value to the organization.

5. To allow for internal promotions, MDOT maintains several open positions that it can draw upon to promote talented employees.

a. At the time of the writing of this report, MDOT has 420 vacant positions. As seen on Table 2.3-1, 254 of these positions are in the Districts, with the majority being in the engineering and maintenance positions.

b. Although some of these vacancies are not by choice (i.e., they reflect the difficulty MDOT has in attracting and retaining employees) others are administrative openings that MDOT maintains for the express purpose of ensuring the upward mobility of talented employees.

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Table 2.3-1: Filled vs. Vacant Position

Location	Engineers[1]		Engineer Tech		Maintenance[2]		Mechanics		Admin		Other	
	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant	Filled	Vacant
District 1	21	4	89	15	184	27	11	2	10	1	26	4
District 2	28	1	88	12	198	11	13	4	11	2	35	4
District 3	15	7	47	10	133	6	10	1	14	-	20	4
District 5	29	3	137	25	203	19	20	1	19	1	33	2
District 6	24	3	101	13	186	23	11	6	19	-	44	15
District 7	14	3	64	6	169	14	11	1	12	-	20	4
Central Office	123	24	99	26	33	2	4	-	63	7	583	107
Grand Total	**254**	**45**	**625**	**107**	**1106**	**102**	**80**	**15**	**148**	**11**	**761**	**140**

1. Includes Engineers, Engineer Administrator Assistant, Engineer Bureau Admin, & Engineer Division Administrator
2. Includes Maintenance Technician, Maintenance Support, & Maintenance Operation Manager

6. MDOT should recognize motivated and talented employees and ensure there is a formal career development process in place that:

   - Allows such employees to gain valuable on-the-job experience on a diverse set of projects;

   - Encourages and supports continuing industry education (e.g., training provided by organizations such as the FHWA National Highway Institute); and

   - Provides opportunities for staff to actively engage in national or local association activities (e.g., AASHTO Subcommittees on Materials & Pavements, Construction, Bridges & Structures, and Maintenance) by seeking out speaking engagements and assuming leadership roles.

7. To implement a rational promotion policy while also broadening the skillsets of its staff, MDOT's Bridge Design Division developed and piloted an innovative performance-based employee management system in January 2018.

   a. Recognizing that the historic 30-year career ladder with the DOT was no longer a realistic proposition given the upwardly mobile expectations of today's generation of workers, the Bridge Division sought to standardize the process by which an employee could more quickly advance to the level of Engineer IV (e.g., within ten years).

   b. To develop this system, the Division assigned points to various engineering tasks (e.g., designing a bridge replacement = 250 points; checking plans = 50 points, etc.) and developed detailed forms by which employees could track their accomplishments and for management to sign-off on the acceptability of the work produced.

Employee Engagement

Recognizing that something must be done to improve employee recruitment and retention, MDOT has engaged a consultant to help evaluate its succession planning and knowledge management practices.

c. Once an employee earns a certain amount of points (e.g., 1,000 points = Engineer II; 1,800 points = Engineer III; 3,000 points = Engineer IV) a promotion and salary raise will follow, if allowable under MDOT's human resources budget.

d. The points system, by design, ensures that motivated staff will be exposed to a variety of different tasks (e.g., to move up quickly, one could not just do quality checks), and encourages them to build expertise, either through their own research efforts or by seeking mentoring and advice from subject matter experts within the Department.

e. In addition to providing more visibility to staff accomplishments, tracking of the work tasks being performed by individual staff members also allows Division management to better balance work activities (e.g., to identify if certain staff have been overly burdened with certain tasks while having minimal exposure to other activities).

f. As a longer-term goal, once more data has been collected and learning curves have been overcome, Division management can use the information to better understand typical task durations for project planning purposes.

g. According to the Bridge Design Division, in addition to improving employee engagement, the performance-based management system has also fostered an increase in internal design expertise. For example, MDOT estimates that newly developed in-house skills in steel plate girder designs will avoid $100,000 to $300,000 annually in consultant fees by reducing the need to outsource such design services.

8. A logical extension of this performance-based management system would be to other engineering divisions within MDOT, such as Roadway Design. Although the exact framework (tasks, points, etc.) would be unique to each division, the approach used to develop the system could be modeled after that successfully implemented by the Bridge Division.

9. Regarding the training and development of non-design staff (e.g., maintenance staff and inspectors working in the District Offices), partnering less experienced personnel with more seasoned staff is a common practice in the Districts. Texas DOT has had success with the implementation of a more formal Inspector Development Program that entails a one-week, intensive Inspector Boot Camp that is then followed by a probationary period of on-the-job training, in which new hires are mentored by more seasoned inspection staff. Texas DOT has also partnered with industry (AGC) on the development of the "We Build Texas" program, which is designed to help foster best practices in both DOT and contractor personnel.

10. MDOT should also remain sensitive to the work-life balance of its staff, particularly short-handed inspectors that must work long hours and night shifts to keep pace with a contractor on an aggressive schedule.

a. To avoid such overextension of construction inspection staff (which contributes to the turnover seen in the District Offices), MDOT should judiciously apply time-based contractual incentives (e.g., A+B bidding techniques) only on projects that truly require completion by a certain date.

MDOT's Bridge Design Division cites the following benefits stemming from its performance-based management system:

- More in-house expertise

- Increased project awareness

- Better employee management

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b. To further alleviate some of the inspection burden, MDOT should consider, as suggested in Section 4.5, moving towards more streamlined acceptance and payment methods (e.g., lump sum or plan quantities) for certain items of work (e.g., pier caps, bridge decks) to allow inspectors to focus on critical quality assurance activities instead of compiling and computing quantities for payment purposes.

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11. MDOT maintains a very detailed set of programmatic documents (e.g., manuals, standard practices, standard specifications, checklists, etc.) that can be used to:

    - Counter the loss of institutional knowledge (e.g. when long-tenured staff retire or move to new positions); and to

    - Facilitate communication, training, and the regular re-evaluation of processes and standards.

12. MDOT would also benefit from a formal process for capturing lessons learned in a manner that could be used to inform future project development activities.

    a. Lessons-learned appear to be primarily captured on an ad hoc basis. For example, one District has been working to identify common sources of change orders.

    b. As a closeout activity on larger projects, lessons learned should be discussed and documented using a standard format. This could include the creation of project "report cards" to evaluate the extent to which the project met performance goals and to document what went well and what did not go as expected.

    c. These lessons could then be used to facilitate regular (e.g., semi-annual or annual) workshops in which personnel from the various Districts and Central Office meet to discuss common issues and transfer knowledge.

    d. As a longer-term goal, lessons learned should be archived into a readily accessible platform (e.g., a Sharepoint site) to assist future project development activities.

Knowledge Management

2.4   Summary

Similar to other DOTs nationally, MDOT struggles to attract and retain employees given the pay disparity between the public and private sector and often contracts out for services to fill resource gaps.

Focusing on matters within MDOT's control (i.e., strategies that do not entail salary increases), HKA offers the following recommendations to help ensure MDOT maintains a robust workforce while making rational decisions regarding when to outsource.

Recommendations	Potential Benefit
1. Conduct a workforce study (mining the labor productivity data collected in MDOT's AMMO system and the operational cost information in the equipment management system) to determine	More rational and transparent decision-making

Recommendations	Potential Benefit
what maintenance functions should be supported with in-house labor and equipment.	
2. Begin to manage and track the time spent by internal engineering resources on active projects and, as a longer-term goal, use such information for better prioritization and management of design workloads and more rational and transparent decision-making regarding the need for outsourcing.	Improved resource management and workload prioritization
3. Extend the performance-based management system implemented by the Bridge Design Division to other engineering divisions, such as Roadway Design.	Improved resource management and capture of institutional knowledge
4. Implement a formal process for capturing and disseminating lessons learned.	Improved capture of institutional knowledge

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3. Consultant Services

3.1 Introduction

As a result of the internal staffing constraints discussed in Chapter 2 of this report, MDOT now outsources some design and engineering functions to consultants. Even though such services generally represent only a fraction of the cost of a construction project, they can strongly influence overall project outcome (from a cost, time, and quality perspective), in addition to affecting the safety and welfare of the public. For this reason, the processes by which MDOT selects consultants and administers consultant contracts are critical to the successful delivery of MDOT's capital program.

Overview

As discussed in this chapter, MDOT has implemented several best practices designed to ensure consultant contracts are awarded to the most qualified firm, at a fair and reasonable price, and are subsequently managed using an effective performance monitoring system.

Chapter Highlights

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Section 3.2: Hiring Consultants			
Procurement Process	▲	• MDOT has recently finalized its Consultant Services Unit (CSU) Manual, which addresses the Procurement, Management, and Administration of Engineering and Design-Related Services. • MDOT has implemented a well-designed consultant procurement process consisting of the following best practices: – Centralized, dedicated team of procurement professionals working to ensure that the procurement process is consistently carried out in accordance with laws and best practices – Formal policies and procedures, as implemented through the development of a detailed manual, standard forms, and a robust electronic consultant services software tool	• The CSU should formally roll-out the new manual (e.g., through training or "lunch-and-learn" sessions) to project managers responsible for consultant oversight.
Contract Negotiation and Award	▲	• Adequate contract negotiation processes are in place to ensure consultant services are obtained at a fair and reasonable price. • MDOT maintains standard contract templates that have undergone review and approval by the MDOT Legal Division and FHWA.	Same as above

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Section 3.3: Consultant Contract Administration			
Cost Control Measures	▲	• MDOT has implemented a robust consultant progress reporting process, which allows for detailed tracking of work completed and progress achieved against the approved project management plan.	MDOT should assess the feasibility of extending some of the best practices successfully implemented on consultant contracts to the construction program. For example, larger construction contracts would benefit from: • Development of project management plans • Earned-value progress monitoring and reporting

▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

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3.2   Hiring Consultants

1. MDOT, like many public owners, has long recognized the significant role played by designers and engineers in determining a project's overall construction and whole-life costs, and therefore focuses on selecting the most-qualified firms (not those that submit the lowest bid) to design projects.

2. As summarized in Table 3.2-1, MDOT has four methods by which it can select consultants to provide professional services, all of which emphasize identifying qualified individuals or firms to perform the specific scope of work required.

Procurement Methods

Table 3.2-1: Methods Available to MDOT to Hire Consultants

Method	Applicability
Competitive Negotiation (Qualifications-Based Selection) – an open and competitive procurement process under which the most appropriate professional or firm is selected on the basis of non-price factors, such as their demonstrated competence, qualifications, and experience to provide the type of professional services required. Price negotiations only commence once the top-ranked firm has been selected.	All engineering and design-related services in excess of the federal simplified acquisition threshold defined in 48 CFR 2.101 (currently $250,000) and for which there is adequate competition
Small Purchase – a streamlined process which bypasses open advertisement and instead allows for the selection of a consultant out of a minimum of 3 qualified firms considered. Price negotiations commence once a consultant has been selected.	Engineering and design-related services and other professional services for contracts less than the federal simplified acquisition threshold (currently $250,000)
Noncompetitive – selection of a preferred consultant without consideration of other firms. This method may only be used if contract award under the competitive negotiation or small purchase procedures are not feasible.	Applicability is limited to the following circumstances and requires written justification of need: • Sole Source (only one source can provide the required service) • Emergency (circumstances do not allow the time necessary to conduct competitive negotiations) • Inadequate competition
Alternative Methods, including best value processes which consider both price and non-price factors (e.g., qualifications, time, etc.)	Non-engineering and non-design professional services

Key Takeaway: Unlike the procurement of construction services (in which price serves as the primary criterion for selection), the hiring process for consultants generally focuses on finding the most qualified and experienced firms to perform the services required, in recognition of the significant role played by designers and engineers in determining a project's overall construction and whole-life costs.

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3. Of the methods identified in Table 3.2-1, MDOT most commonly applies the Qualifications-Based Selection (QBS) process to procure engineering and design-related services (consistent with the Brooks Architect-Engineer's Act [40 USC 1101 *et seq.*]).

   a. QBS is designed to allow procurement officials to identify the most appropriate professional or firm based on qualifications (e.g., knowledge, skill, experience, and other project-specific factors), rather than on the cost of their services. Fair and reasonable fees are then negotiated with the top-ranked firm for an agreed-upon scope of services.

   b. Not considering price or fees in the *initial* selection process helps to ensure the public receives a high quality and safe design by removing any pressure for firms to reduce design standards and/or limit the level of service provided to be price-competitive in a low-bid contest (e.g., by using less experienced personnel, evaluating fewer alternates, developing plans with minimal details that leave decision-making to the contractor, etc.).

   c. Under QBS, pricing is not eliminated from the procurement process; it simply is deferred until after the most qualified firm has been identified and a detailed scope of work has been jointly developed by MDOT and the selected firm. Even then, if a fair and reasonable price cannot be negotiated, MDOT can terminate the negotiations and begin discussions with the second ranked firm.

4. QBS processes provide organizations considerable latitude to select engineers and architects using a wide range of criteria. Given the potential subjectivity involved, it is essential for the selection process to be standardized to the extent possible and managed by fully trained and qualified procurement professionals to ensure that the process is consistently carried out in accordance with laws and best practice.

5. To this end, MDOT has implemented the following best practices designed to prevent abuse and/or favoritism, ensure a fair and competitive process, and provide the best value to the taxpayer:

   - Establishment of a centralized Consultant Services Unit (CSU) to assist the Divisions and Districts with the procurement, management, and administration of engineering and design-related services;

   - Development of a detailed manual to describe the processes and procedures MDOT has implemented to ensure a qualified consultant is obtained through a fair and transparent selection process;

   - Development and implementation of a robust electronic software system (referred to as the "Consultant Services Tracking System" [CSTS]) to streamline the consultant procurement and management process; ensure the necessary reviews and authorizations take place; and support the documentation and recordkeeping of proposal evaluations, consultant work assignments, and post-performance evaluations, among other features;

   - Use of standardized forms (incorporated into the CSTS software tool) to document the need for consultant services; to estimate the level of effort,

Congress passed the Brooks Act in 1972 to establish a qualifications-based approach to procuring design services for public projects; this approach continues to serve as a model for most State and public agencies, including MDOT.

Placing the focus on qualifications allows MDOT to select the consultant best suited for the task at hand.

MDOT's Consultant Services Unit (CSU) provides effective oversight of consultant procurement, management, and administration activities , ensuring processes are consistently carried out in accordance with laws and best practice.

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schedule, and costs of those services (for use in subsequent fee negotiations); and to document and provide an audit trail of the proposal evaluation process;

- Formal briefings of personnel assigned to evaluate proposals (i.e., to serve on a "Selection Committee") on selection procedures and the importance of an objective and impartial selection process;

- Adoption of standards of conduct to identify and avoid potential conflicts of interest by MDOT employees involved in consultant selection and/or contract administration activities; and

- Requirements for consultants to disclose in writing any information concerning potential conflicts of interest.

6. As described in Table 3.2-2, MDOT has three main contract types from which to choose when retaining consultants. The CSU has the flexibility to apply the contact type that best aligns with project-specific needs.

Contract Type	Benefit
Project-Specific – contract for the performance of services and a defined scope of work related to a specific project.	Allows for the competition of a narrowly defined scope of work and the selection of a consultant best suited to complete that scope of work
Multiphase – a project-specific contract in which services are divided into phases	Allows for the incremental development, negotiation and authorization of work as the project progresses and more information regarding project needs becomes available
Indefinite Delivery / Indefinite Quantity (IDIQ) – master contracts, awarded under a competitive negotiation process, under which work assignments are issued to consultants on an as-needed or on-call basis	Although the original selection of the IDIQ consultants may be resource-intensive, thereafter the work order assignment process provides MDOT with an efficient means of quickly awarding projects to qualified firms, particularly when time is of the essence

7. For each contract type, MDOT maintains standard contract templates that have undergone review and approval by the MDOT Legal Division, the Deputy Executive Director – Chief Engineer, and FHWA.

   a. Maintenance of standard contract forms is a best practice that:

      - Reduces the administrative burden of having to develop and review contract documents for specific projects;

      - Ensures that required contract provisions (e.g., those pertaining to federal regulations, when federal funding is used) are not inadvertently omitted; and

      - Provides consultants with a comfort level that competitors are not subject to different or more favorable contract terms.

b. MDOT's standard contract language also provides strong protection to the State in the event of errors or omissions or negligent acts by consultants.

8. MDOT also has the flexibility to select from among the following compensation structures to find the payment method that best balances cost certainty against any risks in the scope and level of effort needed to accomplish project-specific goals.

Table 3.2-3: Payment Methods Used by MDOT

Payment Method	Applicability
Cost Plus Fixed Fee – consultant is reimbursed for all eligible direct and indirect costs (e.g., labor hours and expenses) plus a negotiated fixed fee (i.e., profit margin)	Used for most design contracts when the full scope of service and level of effort required are difficult to define at the time of negotiation and contract execution
Labor Hour/Unit Price - consultant is paid based on the negotiated not-to-exceed rate per hour or unit of work performed	Use is limited to contracts for specialized or repetitive support-type services for which the consultant is not in direct control of the number of hours worked, such as construction engineering and inspection
Lump Sum/Firm Fixed Price – consultant performs a strictly defined scope of work for an agreed upon price that is not subject to subsequent adjustments (thus incentivizing the consultant to control costs)	Use is limited to circumstances under which the full character, scope, complexity, and duration of the work can be adequately established at the time of negotiation

9. Regardless of the contract type or payment method used, MDOT engages in a formal contract negotiation process to ensure consultant services are obtained at a fair and reasonable price. This process includes the following general steps:

a. MDOT and the consultant conduct a project scoping meeting during which the parties jointly establish project parameters (e.g., scope, required deliverables, schedule, etc.)

b. MDOT prepares an independent state estimate of the work to be performed, based on historical data and an assessment of the scope, complexity, and risks involved in the work.

c. The selected consultant is asked to provide its own cost estimate to perform the agreed upon scope of work.

d. The MDOT project manager reviews the consultant's estimate to ensure:

- The proposed level of effort (i.e., labor hours) and staffing categories/personnel are consistent with MDOT's understanding of the work required and the proposed schedule (i.e., do not suggest over- or under-staffing of the project to meet the defined deliverable dates).

- The proposed fixed fee (for cost-plus-fixed fee arrangements) is acceptable, given the size, scope, complexity, duration, and degree of risk involved in the work.

e. Meetings may be held to discuss and resolve any discrepancies between MDOT's independent estimate and that proposed by the consultant. Assuming agreement is reached, the MDOT project manager prepares

Negotiations are strictly limited to scope and price/fee discussions; standard contact terms and conditions are non-negotiable (i.e., consultants cannot take exception to standard contract language.)

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and submits a Negotiation Recap Form, along with supporting documents (e.g., draft contract documents, consultant cost estimate, independent State estimate, etc.,) to the CSU for review.

f.   The CSU reviews the negotiation package to ensure:

- The final scope of work clearly identifies and describes the consultant's responsibilities and required deliverables, and is consistent with the original solicitation documents, if applicable;

- Consultant's overhead rate has been approved by the MDOT Audit Division;

- Wage rates relative to job classifications are reasonable; and

- Cost fee breakdown is calculated correctly, and the fixed fee (if applicable) and direct expenses (e.g., travel, equipment, etc.) comply with State and Federal policies.

g.   The CSU archives the records of the completed negotiations.

10. For cost-plus-fixed-fee contracts, a key cost control measure is the fixed fee percentage (i.e. profit margin) established as part of the contract negotiation process described above. According to the CSU's manual, fixed fee can range from 7 to 15%, considering the size, scope, complexity, duration, and degree of risk involved in the work. Based on interviews with MDOT staff, the typical fee is 12%, which is generally in line with that seen in other DOTs. For example:

a.   The capital program of the Louisiana DOTD is comparable to that of MDOT and thus provides a good source of comparison. The DOTD's Consultant Contract Services Manual specifies a base profit percentage of 15% for general engineering services and 12% for CEI services.

b.   A legislative audit of the Wisconsin DOT published in January 2017 revealed that the profit rates on the DOT's engineering contracts ranged from 7 to 8.9 percent. Bearing in mind that the capital program of Wisconsin DOT is almost twice that of MDOT (with payments for construction services alone exceeding $1 billion in 2017), the lower fees (in comparison to MDOT and LaDOTD) are presumably balanced by the higher volume of work awarded to consultants.

> The fixed fee on MDOT consultant contracts is typically set at 12%, which is generally in line with that seen in other DOTs. Given the relatively small size of the MDOT program and lower volume of work available to consultants, the fee must remain attractive enough for consulting firms to maintain high-level staff with the capabilities needed to produce high quality and specialized work.

11. As described above, the CSU effectively oversees contract negotiations, providing assurance that outcomes are consistent with MDOT's overarching policies, needs, and goals.

12. The CSU similarly oversees the post-negotiation execution of the contract documents, ensuring the appropriate reviews and approvals are obtained (including that of the FHWA, if appropriate).

a.   All contracts, including supplemental agreements (i.e., subsequent changes to the original contracts) must be approved by the Commission prior to execution by the MDOT Executive Director.

    b.   Only upon receiving a fully executed contract may the CSU draft and issue a Notice to Proceed to the Consultant.

3.3   Contract Administration

Capital Outlay – Consultant Services

1.   The oversight processes described above are important given MDOT's growing reliance on consultants to provide the design and related services needed to support the capital construction program.

2.   As summarized in Table 3.3-1, from July 2016 to June 2018, MDOT awarded 489 contracts (including work assignments under IDIQ master agreements) for a total commitment of over $100 million.

Table 3.3-1: Consulting Contracts/Work Assignments awarded during Fiscal Years 2016 to 2018

Division	Total Contract Value	Number of Contracts	Average Contract Value
Bridge Design	$32,995,349.22	189	$174,578.57
Roadway Design	$23,201,830.21	104	$223,094.52
US49 Construction Engineering/Inspection	$19,319,245.96	1	$19,319,245.96
Planning	$9,117,910.93	34	$268,173.85
Traffic Engineering	$4,644,311.05	25	$185,772.44
Research	$3,883,160.24	23	$168,833.05
Maintenance	$1,358,769.46	8	$169,846.18
Materials	$1,153,836.38	13	$88,756.64
Environmental	$951,675.27	27	$35,247.23
Geotechnical Branch	$822,818.92	6	$137,136.49
Architectural Services	$731,521.65	18	$40,640.09
State Surveyor	$716,547.37	4	$179,136.84
Office of Civil Rights	$558,655.75	9	$62,072.86
Programming	$487,840.32	17	$28,696.49
Local Public Agencies	$429,948.65	4	$107,487.16
Consulting Contractual Services	$276,989.91	3	$92,329.97
Construction	$224,669.25	2	$112,334.63
District 5	$99,263.47	1	$99,263.47
Grand Total	**$101,004,257**	**489**	**$206,553**

Key Takeaway: During FY2016-2018, MDOT awarded 489 contracts (including work assignments under IDIQ agreements), totaling over $101 million. The average contract value was $206,552. (Excluding the US49 construction engineering contract as an outlier, the average value was $167,387)

3.   The largest contract amount, which exceeded $19 million, entails construction engineering and inspection services for the multi-year reconstruction of US 49.

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Although substantial, the amount of this contract is in line with the size and complexity of the associated construction project, which entails an accelerated schedule requiring multiple shifts of inspectors and night work. The contract was awarded to a team of consulting firms led by Michael Baker International after an open competition involving a who's who of Mississippi consulting firms.

4. As could be expected given the staffing challenges addressed in Chapter 2 of this report, the primary need for consultants came from the Bridge and Roadway Design divisions, which executed contracts/work assignments totaling over $56 million during this three-year period, or 55% of the total contract value awarded to consultants.

5. Tables 3.3-2 and 3.3-3 identify the top ten consulting firms retained by the Bridge and Roadway Divisions, respectively, by total contract value. As shown, the work is distributed across several firms, suggesting that the controls MDOT has put into place to impart fairness into its consultant selection process have been effective.

Table 3.3-2: Top 10 Bridge Consultant Firms in terms of Total Contract Value (FY 2016-2018)

Division	# of Contracts	Average Contract Value	Total Contract Value
Garver, LLC	38	$156,483.08	$5,946,357.16
HNTB Corporation	20	$257,035.69	$5,140,713.74
Stantec Consulting Services Inc.	15	$253,645.83	$3,804,687.51
AECOM Technical Services, Inc.	11	$222,976.33	$2,452,739.58
Michael Baker International, Inc.	14	$145,613.35	$2,038,586.85
Pickering Firm, Inc.	10	$182,264.34	$1,822,643.44
Mendrop Engineering Resources, LLC	20	$80,309.14	$1,606,182.78
URS Corporation	8	$196,661.96	$1,573,295.67
Gresham, Smith and Partners MS, P.C.	6	$251,907.10	$1,511,442.58
Hardesty & Hanover, LLC	2	$635,223.96	$1,270,447.92

Table 3.3-3: Top 10 Roadway Consultant Firms in terms of Total Contract Value (FY 2016-2018)

Division	# of Contracts	Average Contract Value	Total Contract Value
Neel-Schaffer, Inc.	19	$518,581.81	$9,853,054.40
Garver, LLC	14	$221,285.23	$3,097,993.15
Michael Baker International, Inc.	9	$268,687.93	$2,418,191.38
Stantec Consulting Services Inc.	15	$134,716.74	$2,020,751.14
Gresham, Smith and Partners MS, P.C.	7	$210,677.58	$1,474,743.07
Fisher & Arnold, Inc.	12	$107,019.78	$1,284,237.38
Gresham Smith MS, P.C.	3	$189,842.83	$569,528.50
Pickering Firm, Inc.	2	$229,357.97	$458,715.93

Division	# of Contracts	Average Contract Value	Total Contract Value
A. Garner Russell & Associates, Inc.	1	$372,791.79	$372,791.79
Volkert, Inc.	3	$91,486.45	$274,459.34

Key Takeaway: Consultant services contracts are dispersed across several firms, suggesting that MDOT has implemented fair and effective consultant selection procedures.

6. Out of the 489 contracts identified in Table 3.3-1, 401 were completed at the time of the writing of this report. As summarized in Table 3.3-4 below, out of the $59,362,726 committed for these completed contracts, $51,035,429 (or 86%) was expended.

Table 3.3-4: Completed Consultant Contracts by Division executed between Fiscal Year 2016 to 2018

Division	Total Expended	Total Contract Value	Number of Contracts	Average Expended Per Contract	% of Total Contract Value Used
Bridge Design	$24,168,409.17	$28,448,444.83	163	$148,272.45	85%
Roadway Design	$13,274,529.90	$15,089,971.16	84	$158,030.12	88%
Planning	$3,479,889.62	$4,056,770.44	26	$133,841.91	86%
Traffic Engineering	$3,724,165.07	$4,029,753.48	23	$161,920.22	92%
Research	$1,521,465.46	$1,708,482.97	13	$117,035.80	89%
Materials	$846,198.90	$1,135,400.91	12	$70,516.58	75%
Environmental	$601,418.96	$889,837.66	24	$25,059.12	68%
Geotechnical Branch	$513,996.07	$715,838.42	5	$102,799.21	72%
Maintenance	$493,842.83	$584,461.81	5	$98,768.57	84%
Office of Civil Rights	$514,248.73	$558,655.75	9	$57,138.75	92%
Architectural Services	$494,001.21	$544,574.46	12	$41,166.77	91%
State Surveyor	$493,637.60	$519,388.70	1	$493,637.60	95%
Programming	$444,666.12	$487,840.32	17	$26,156.83	91%
Consulting Contractual Services	$152,150.32	$276,989.91	3	$50,716.77	55%
Construction	$124,734.02	$124,734.02	1	$124,734.02	100%
District 5	$97,921.96	$99,263.47	1	$97,921.96	99%
Local Public Agency	$62,405.23	$62,405.23	1	$62,405.23	100%
District 3	$27,748.31	$29,912.92	1	$27,748.31	93%
Grand Total	**$51,035,429**	**$59,362,726**	**401**	**$127,270**	**86%**

Key Takeaway: The lack of cost growth seen on these contracts reflects the effectiveness of MDOT's consultant management procedures.

Cost Control Measures

7. The lack of cost growth seen on the completed consultant contracts (see Table 3.3-4 above) can be attributed to the rigorous monitoring procedures MDOT has implemented to track consultant progress.

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a. Once a consultant contract is executed, MDOT requires the consultant to prepare a project management plan based upon the approved project schedule and budget. The management plan is to include all tasks identified in the contract fee schedule, including each task's start date, end date, and estimated budget. The plan is to be submitted for MDOT approval within 10 days of the notice to proceed.

b. Once the project commences, the consultant must submit progress reports, based on its approved management plan, supporting each invoice. The reports include actual tasks performed and hours expended against each task, as well as the percentage of fees earned for each task. MDOT provides guidance to the consultant by providing sample Microsoft Excel-based templates for reporting and calculating the hours expended against each task, the percentage fee associated with each task and the "earned fee" for the particular line item.

c. The MDOT CSU reviews all consultant invoices to confirm the rates and calculations, and then sends the invoice to the MDOT project manager for final review to validate that the costs billed are appropriate for the work accomplished during the billing period. Should the invoiced cost appear to exceed the work effort believed to be completed, MDOT reserves the right to withhold payment until the consultant provides evidence to support the work accomplished and the costs billed.

d. The MDOT consultant progress reporting process is very robust and allows detailed tracking of work completed and progress achieved against the management plan. As engineering is the critical precursor to the letting of construction contracts, the timeliness and quality of engineering deliverables is essential to MDOT's ability to commence and complete its capital construction program each year.

> MDOT has implemented a robust consultant progress reporting process, which allows for detailed tracking of work completed and progress achieved against the approved project management plan.

3.4   Summary

The analysis above indicates that MDOT has implemented effective processes to ensure:

- Consultant contracts are awarded to the most qualified firm, at a fair and reasonable cost, and in accordance with the applicable Federal and State guidelines and best practice.

- Engineering deliverables are submitted on time, in accordance with the agreed upon scope of work and project management plan, and in support of the planned construction schedule.

Moving forward, MDOT should assess the feasibility of extending some of the best practices successfully implemented on consultant contracts to the construction program. For example, larger construction contracts would benefit from enhanced project control measures similar to the management plans and earned-value reporting process now used to monitor consultant progress and performance.

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4. Delivery of Capital Construction Projects

4.1 Introduction

Historically, capital outlays (i.e., payments to contractors for construction services) have constituted MDOT's greatest expenditure category. In FY 2018 alone, capital outlays totaled over $603 million, approximately 54% of MDOT's total spending for the year. Budgets for FY 2019 and FY 2020, which project capital outlays of approximately $548 million and $542 million, respectively, suggest that construction contracts will continue to comprise the largest share of MDOT's expenditures.

The processes MDOT employs to deliver its capital construction program are therefore essential to ensuring the efficient use of funds. MDOT has adopted several best practices to help control construction costs – chief among these being the strategic management of contract lettings to encourage competition in a challenging market that often lacks multiple bidders. As explored in Section 4.2, long-standing market conditions can cost MDOT on average $6 million a year in bid premiums. Without MDOT's careful planning and oversight of the bidding and award process, lack of competition may have generated even greater waste.

Underpinning MDOT's ability to effectively evaluate construction bids is the accuracy and reliability of its State Estimates. Section 4.3 reviews MDOT's estimating processes, including how it accounts for project risks and uncertainties.

Section 4.4 takes a closer look at the on-time and on-budget performance of MDOT's capital construction program to assess MDOT's operational efficiency in monitoring and controlling the construction and closeout of projects.

Finally, Section 4.5 addresses MDOT's construction quality assurance program and practices, as set forth in its specifications and construction and materials manuals, and identifies potential enhancements to these practices that may offer opportunities for cost savings, time savings, improved resource allocation of personnel, and the possibility of improved risk sharing with industry.

Overview

This chapter assesses MDOT's ability to control construction costs through:

- Strategic management of the bid and award process to help promote competition

- Development of accurate and reliable State Estimates

- Active management of project cost and time performance

- Implementation of a well-designed construction quality assurance program to assure the public gets the constructed products and services it pays for

Chapter Highlights

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Section 4.2: *Procuring Construction Services*			
Procurement Process	▲	• MDOT solicits and evaluates bids in a fair and transparent manner. • MDOT is developing a performance-based contractor prequalification system to help incentivize quality construction.	MDOT should continue to: • Provide effective oversight of the bid solicitation and contract award process • Pursue performance-based prequalification to help achieve the best value for the public

Market Conditions & Competition	■	• Analysis of bid data from 2016-2018 indicates:
		  – Competition, particularly on pavement projects (which by $ value represent 75% of MDOT's program), can be poor.
		  – All Districts experience some lack of competition.
			• MDOT should continue to monitor the market and macroeconomic conditions that can affect bid pricing.
			• MDOT should consider a formal contractor outreach program to enhance competition in the regions of the State with the lowest competition.

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
		– The lack of competition among paving contractors is driven by the location and ownership of asphalt plants. • Potential cost savings could be achieved if contracts attracted more bidders. – Just over half of the projects let attracted two or less bids. – Most single bids are +7-9% over the State Estimate. – If MDOT had received at least 2 bids on 67 contracts that only attracted one bidder, it may have realized **savings of approximately $18M** in construction costs.	
Cost Control Measures	▲	MDOT has actively taken steps to mitigate the impact of poor competition by: • Preventing unwarranted price creep over time by carefully identifying and managing the outlier pricing contained within its database of historical bid pricing • Re-advertising projects when appropriate (a practice which resulted in approximately **$4.5M in savings** from 2016 – 2018) • Strategically managing project lettings to increase the number of bidders (e.g., by monitoring industry capacity and deferring non-critical projects if competition is expected to improve in the future)	In addition to continuing to implement the strategies already proven to be effective in controlling contract award costs: • MDOT should monitor the potential for any emerging opportunities for improved competition related to seasonal differences in bidding patterns and project packaging (in case such factors, which currently do not appear to have an appreciable effect on competition in the State, become more prevalent in the future).
Section 4.3: Cost Estimates			
Estimate Accuracy	▲	• Since 2011, MDOT has consistently met FHWA's guideline for estimate accuracy, with the State Estimate being within +/-10% of the low bid for at least 50% of the projects awarded each year. • Best practices implemented by MDOT to ensure estimate accuracy and reliability include: – Maintenance of a historical cost database – Dedicated team of experienced Staff Estimators – Use of a uniform structure for preparing and presenting estimates	MDOT should consider standardizing how assumptions used in developing the estimate are documented (e.g., through a Basis of Estimate document).

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Contingency Estimates	●	MDOT's co-mingling of construction engineering costs with construction contingency funds masks the potential variability and perceived uncertainty in the cost estimate.	• MDOT should impart more rigor to its estimating process by assessing project-specific risks and uncertainties for the purpose of establishing appropriate risk-related project contingency. • MDOT should monitor and report contingency expenditures to increase the visibility of remaining contingency funds.

Section 4.4: Construction Administration

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations

Cost Performance	●	• Analysis of the 249 completed projects within the 3-year study period revealed:
		  − 52% were completed within budget.
		  − 48% were completed over budget resulting in a total overrun of $29M.
		  − Of the overrun projects, more than half (67) were within 10% of the original contract price, which is considered within industry norms.
		  − The underrun projects (119) appear to be driven by overly conservative quantity estimates in the bid documents. This practice resulted in the inefficient allocation of more than $23M, or on average roughly $7M a year.
		• Inconsistent documentation of quantity variances and changes may prevent MDOT from identifying root causes and making potential improvements (e.g., to scoping and quantity estimating processes) to reduce the potential for future project cost variances.
			• MDOT should strive to impart more precision into its development of quantity estimates and discipline into its real-time monitoring and forecasting of potential overruns/underruns.
			• As an initial step, MDOT District Offices should require Project Engineers to:
			  − Enhance the controls by which they *actively* track quantity variations
			  − Develop and use a standard template for tracking reasons for change orders
			  − More consistently document the reasons for quantity variations
			• Implementation of the practices above could then be used to:
			  − Derive lessons learned for the preparation of future project scopes and estimates
			  − Develop a more formal risk identification and management process
			  − Assist with management of the contingency line item and forecasting of final quantities, which could allow for the earlier release of unneeded moneys to fund other projects
			• As a future consideration for the delivery of large projects, with sensitive schedules and potential constructability challenges (i.e., similar to the active US 49 project), MDOT should consider requesting statutory authorization to use the CM/GC method.

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations

Schedule Performance	●	• Analysis of the 249 completed projects within the 3-year study period revealed:
		  − Schedule growth is closely correlated to project size.
		  − Schedule delays are more likely to occur on completion date contracts, with only 75% of the 120 completion date contracts finishing within the original contract time.
		• The use of A+B bidding to motivate contractors to minimize construction time and delays appears to be yielding only mixed results and may not warrant the administrative challenge of managing such contracts.
			• On MDOT completion date contracts, MDOT should impart more discipline into its real-time monitoring and forecasting of potential delays.

Section 4.5: Materials Management and Construction Inspection			
Quality Assurance Policies and Procedures	▲	• Internal inspection and testing efforts amount to approximately 3-4% (or $20 million) of MDOT's annual construction budget of approximately $600 million. • MDOT has several long-standing procedures and detailed guides for inspection and materials sampling and testing that meet MDOT standards and FHWA regulations (23 CFR 637). • MDOT's QA requirements are generally reasonable, efficient, not overly restrictive, and allow the agency to remain cost effective while still providing the requisite assurance of the quality of the materials and manufactured products incorporated into work.	Potential enhancements to MDOT's current practices that could improve their efficiency or effectiveness and/or achieve cost savings include the following: • Using more performance-oriented acceptance criteria, particularly for asphalt and concrete specifications, that directly relate to the performance of the as-installed product • Moving towards a risk-based sampling and testing approach to focus resources on critical items of work • Converting to a system-based approach to Independent Assurance • Using alternative measurement and payment methods for selected items or features of work (e.g., plan quantities or lump sum items) that can be accepted without the need for detailed field measurements

▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

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4.2   Procuring Construction Services

1. Project delivery methods refer to the overall processes by which a project is designed and constructed.

2. MDOT primarily delivers projects through the traditional low bid, design-bid-build (DBB) project delivery system.

    a. Under DBB, contractors competitively bid projects based on completed designs provided by the DOT.

    b. The DOT's bid documents list each construction item (e.g., asphalt pavement, excavation, etc.) needed to complete the project along with their estimated quantities.

    c. To prepare its bid, a contractor will propose a price for each unit of a given item (e.g., a ton of asphalt), and multiply this unit cost by the item's estimated quantity (as provided in the bid documents). The contractor's overall bid amount is calculated by summing the totals for all items.

    d. The DOT then evaluates the bids received and awards the contract to the lowest responsible and responsive bidder.

3. MDOT also has authority to deliver projects using the design-build (DB) method. DB is an alternative project delivery method that combines both project design and construction under one contract. The design-builder both designs and constructs the project according to design parameters, performance criteria, and other requirements established by the DOT. As MDOT has had only limited experience with DB, the audit focused almost exclusively on MDOT's DBB program.

4. MDOT solicits and evaluates bids in a fair and transparent manner that has been streamlined through the implementation of Info Tech's Bid Express® service.

    a. BidExpress is a sealed, secure Internet bidding system used by many DOTs and other agencies across the country to electronically exchange bid information with bidders and to receive bids from contractors and other vendors.

    b. Electronic bidding systems such as BidExpress have been found to offer several perceived benefits, such as their ability to:

        • Increase awareness of opportunities to a wider audience of potential bidders

        • Reduce avoidable errors (by automating calculations and alerting contractors to bid errors and omissions)

        • Save time (by minimizing the handling of paper documents and manual processing)

Project Delivery Methods

Process for Soliciting Bids and Awarding Construction Contracts

The procedures by which a DOT solicits and awards construction contracts are an essential part of the competitive bidding process.

- Increase the efficiency by which owners can process and evaluate bids (by automating some of the bid analysis techniques used to inform the decision to award or reject bids)

5. The State Estimate, which is based upon MDOT's database of historical pricing, serves as the benchmark in MDOT's analysis of the bids received. (see Section 4.3 for more details on the development of the State Estimate)

   a. Given that the bid documents provide fixed quantities for bidding purposes, contractors primarily compete on item pricing (though for schedule-critical projects, MDOT may also compete a time parameter to incentivize faster completion).

   b. Bidding software provides graphs of contractor item pricing in relation to the State Estimate, which facilitates the identification of pricing anomalies or instances where the bidders perceived the work differently than the DOT (e.g., restricted access, traffic constraints, night work, etc.).

   c. As discussed further in Paragraphs 27 and 28 below, MDOT will reject bids when re-advertisement is in the public interest (e.g., for non-critical projects that receive higher than anticipated low bids).

6. MDOT's current low-bid procurement process serves to control initial construction price, which does not automatically translate to the best value for the public. Recognizing that a purely low-bid process does little to incentivize quality construction, MDOT has begun to develop, in consultation with the Mississippi Division Office of the Federal Highway Administration (FHWA), a performance-based contractor prequalification program.

   a. MDOT's current pre-qualification system, like that of several other public owners, is based on a contractor's financial capacity and ability to obtain performance bonds from the surety industry, not on any demonstrated ability to provide adequate workmanship. This system thus indirectly rewards poor performers by not penalizing low-quality construction work.

   b. Performance-based prequalification systems incorporate measurable non-price factors in the bid calculation (e.g., a firm's history of completing projects on-time, providing quality workmanship, etc.) to provide a competitive edge to contractors with a history of excellent performance (and to thereby motivate poorer performers to improve).

   c. Growing the bidding pool of quality-conscious firms could also ultimately lower MDOT's administrative burden, as theoretically high-performing contractors should require less oversight and be entrusted with assuming a larger role in quality management.

   d. Once implemented, a performance-based prequalification system could also be considered as an alternative to performance bonds. Performance bonds, which are required by state statute, tend to increase the cost of construction, as contractors will build the bond premium (typically 2% of the contract value) into their bid amount. For small, low risk projects, MDOT should consider seeking a waiver from performance bond requirements.

> MDOT's efforts to implement a performance-based contractor prequalification system should be encouraged. Such systems help public owners achieve the best value for money.

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7. Despite the open and transparent manner by which MDOT solicits for bids, projects often fail to attract reasonable competition, as measured both by the number of bids received and how closely the wining low bid aligns with the State Estimate.

8. As shown in Figure 4.2-1 below, less than half (191 or 49%) of the 388 contracts MDOT awarded between January 2016 and November 2018 attracted more than two bidders. 67 contracts, totaling $246 million, received only one qualifying bid each.

Figure 4.2-1: Number of Bidders
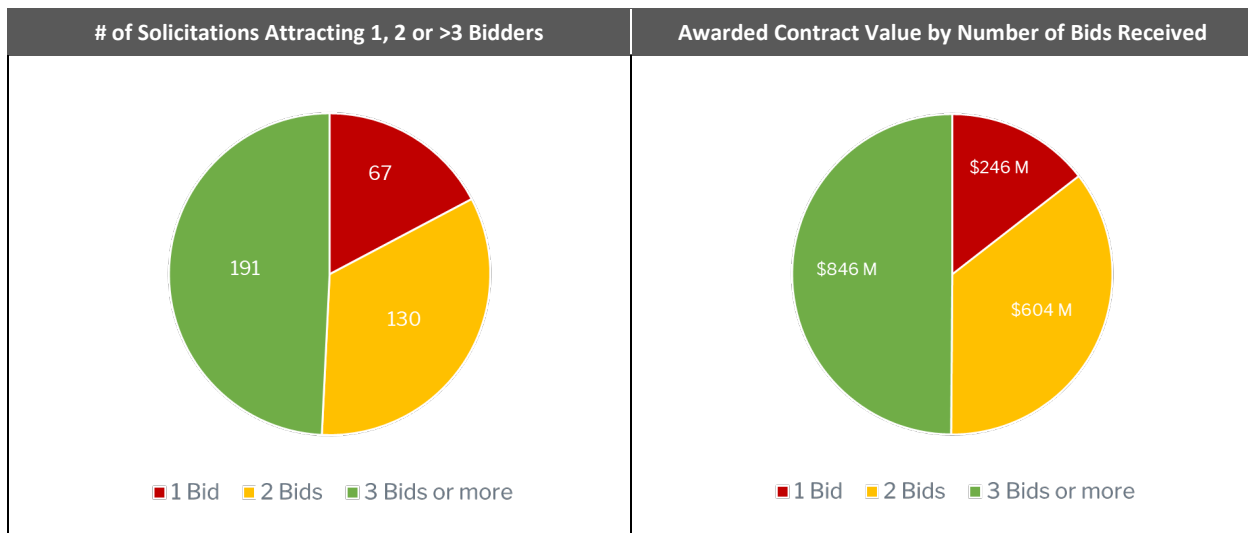
Just over half (197 or 51%) of the 388 contracts awarded between January 2016 and November 2018 received two or less bids, which equates to $850 million in awarded contract value. (Analysis only includes "qualifying" bids, i.e., those that met all of requirements of the solicitation.)

9. The level of competition a project attracts is an important cost control consideration, as it is generally well understood that as the number of bidders competing for a contract increases, the resulting bid prices tend to decrease.

10. This axiom holds true when the winning bids for the three-year sample of 388 MDOT projects are compared to the corresponding State Estimates. As illustrated in Figure 4.2-2:

   a. Of the 67 contracts that received only a single bid, 56 (or 84%) exceeded the State Estimate.

   b. When a second bidder is introduced, the percentage of contracts exceeding the State Estimate drops to 56% (73 out of 130).

> Competition is an integral part of a successful capital construction program.

Figure 4.2-2: Wining Bids Compared to the State Estimate

Data from the 3-year, 388-project sample set shows that as the number of bidders increases, it becomes more likely that the winning bid will be less than the State Estimate.

	1	2	3	4	5	6	7	8	9	10
■ Under	11	57	49	47	21	9	12	5	3	2
■ Over	56	73	24	12	3	3	0	1	0	0
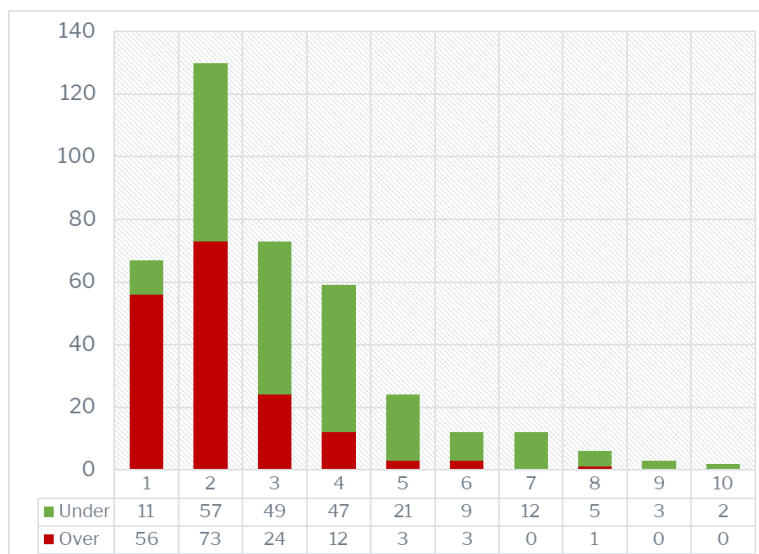
11. It is also important to note that this trend is not necessarily isolated to a specific region of the State.

   a. Figure 4.2-3 separates the information previously shown in Figure 4.2-2 according to the MDOT Regions in which the projects took place.

   b. As shown, all Districts are affected to some extent by a lack of competition, with the Central Region receiving the most single bids (22% of the projects undertaken in the Region, versus 11% and 18% of the projects in the North and Southern Regions, respectively).

   c. All Districts experienced a similar percentage of bids exceeding the State Estimate (45%, 47%, and 42% for the North, Central, and Southern Districts, respectively).

Figure 4.2-3: Regional Bidding Patterns (Winning Bids Compared to State Estimate)
(Contracts Awarded between January 2016 and November 2018)

North Region (Districts 1 & 2)

	1	2	3	4	5	6	7	8	9	10
■ Under	4	18	12	11	7	3	8	3	1	
■ Over	10	28	12	3	1			1		

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Central Region (Districts 3 & 5)

	1	2	3	4	5	6	7	8	9	10
Under	3	6	21	18	8	3	3	2	1	
Over	24	20	2	9		2	0			

South Region (Districts 6 & 7)

	1	2	3	4	5	6	7	8	9	10
Under	4	33	16	18	6	3	1		1	2
Over	22	25	10		2	1				
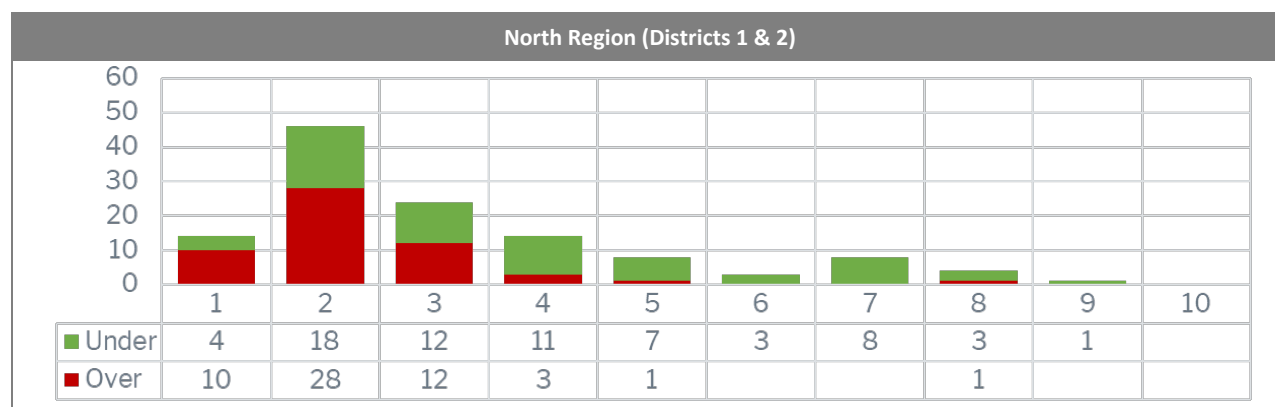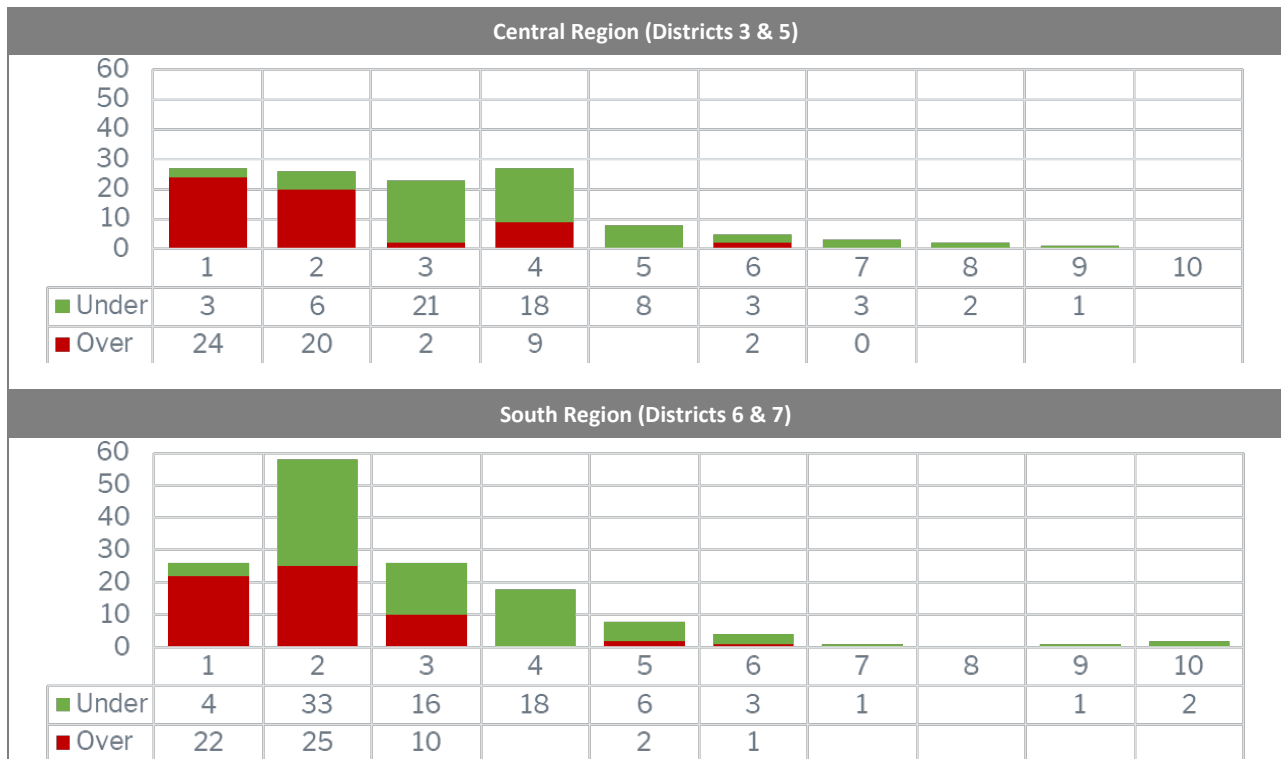
Key Takeaway: All Districts experience a lack of competition to some extent.

12. The figures above clearly demonstrate that as more bidders elect to compete, the likelihood of the winning bid being lower than the amount estimated by MDOT increases. This suggests that cost savings could be achieved by attracting more bidders.

> Cost savings could be achieved by attracting more bidders.

13. To provide a sense of the potential savings involved, Figure 4.2-4 presents the average variation of the winning bid from the State Estimate by the number of bidders.

   a. As shown, the winning bid for a construction contract that received only one bid was, on average, 6.75% *more* than the State Estimate.

   b. In contrast, the winning bids for contracts that received more than one bid were lower, on average, than the estimates.

Figure 4.2-4: *Average Variation of the Winning Bid from the Estimated Amount, by Number of Bidders*
(Contracts Awarded between January 2016 and November 2018, with the exclusion of US 49 as an outlier)
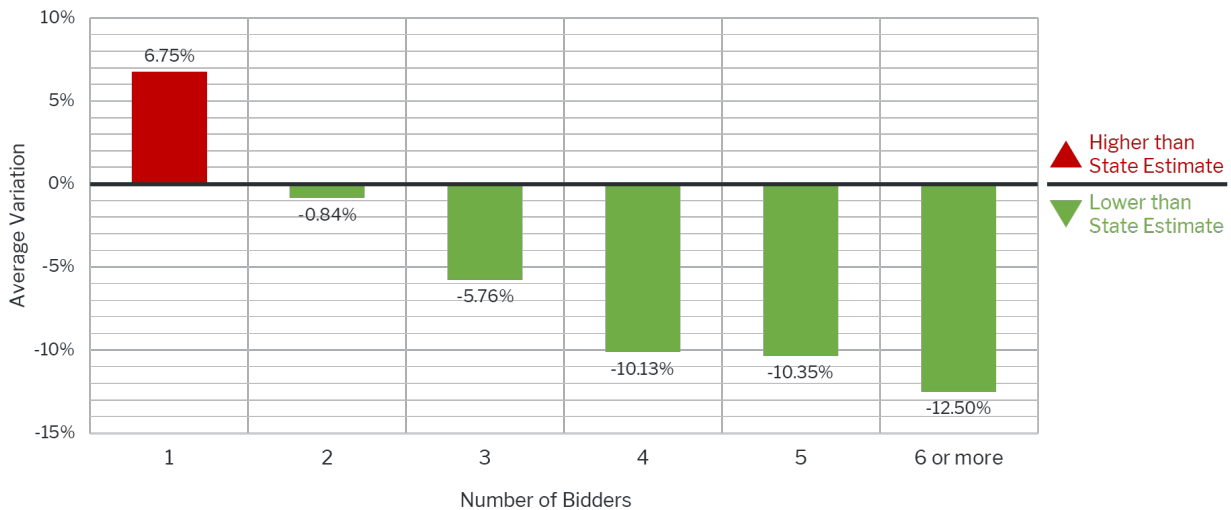
Key Takeaway: The average winning bid for contracts that received only one bid was 6.75% more than the State Estimate. In contrast, the winning bids for contracts that received more than one bid were lower, on average, than the estimates.

> MDOT could potentially have saved approximately $18 million over three years if it had received at least two bids on the 67 contracts that actually received only one bid each.

14. The aggregated contract value of the 67 contracts that attracted only one bidder was $245.98 million. It is impossible to know what these winning bids would have totaled if MDOT had instead received multiple bids.

    a. However, if MDOT had received just one more bid on each of these contracts, and the average bid had been 0.84% less than the estimated amounts (which totaled $229.32 million), MDOT could potentially have awarded these contracts for approximately $18 million less than it had.

    b. Similarly, if MDOT had received three bids for these contracts, and the average bid had been 5.76% less than the estimated amounts, the savings would have reached approximately $30 million.

Market Conditions

15. Although MDOT cannot directly control the number of bidders it receives on projects, it has taken steps to help foster more competitive behavior. To help understand the basis for such cost control measures, it is important to first identify the market conditions that influence competition (or the lack thereof) for Mississippi highway construction work.

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16. As summarized in Table 4.2-1, lack of competition appears to be limited to pavement-related projects. Such projects receive just over two bidders per project on average, in contrast to bridge-related construction/repairs and other project types (e.g., earthwork, vertical buildings, lighting, bike paths, etc.), which receive, on average, three or more bidders.

Project Type	Number of Projects	Total Awarded Contract Value	Average # of Bids Received
Pavement	215	$ 1,251,598,413.34	2.16
Bridge	110	$ 376,583,903.01	4.49
Other	63	$ 68,967,099.64	3.10
Total	388	1,697,149,415.99	2.97

Difficulty in attracting competition is largely limited to pavement projects, which by dollar value, represent nearly 75% of MDOT's capital construction program.

17. The issue of poor competition among paving contractors is not necessarily new, but one that has progressively grown worse over the last decade.

    a. Figure 4.2-5 looks beyond the three-year data set around which the bulk of this audit is focused to obtain a historic perspective of bidding patterns across the State.

    b. As indicated by the red shading, there is a pronounced trend over time towards work in more counties being dominated by just one or two bidders, presumably the result of the local asphalt paving industry contracting to align with MDOT's programmatic shift away from new capacity projects towards system preservation.

Figure 4.2-5: Historic Pavement Bidding Patterns in Three-Year Increments
(Pavement Contracts Awarded between 2008 and 2019)
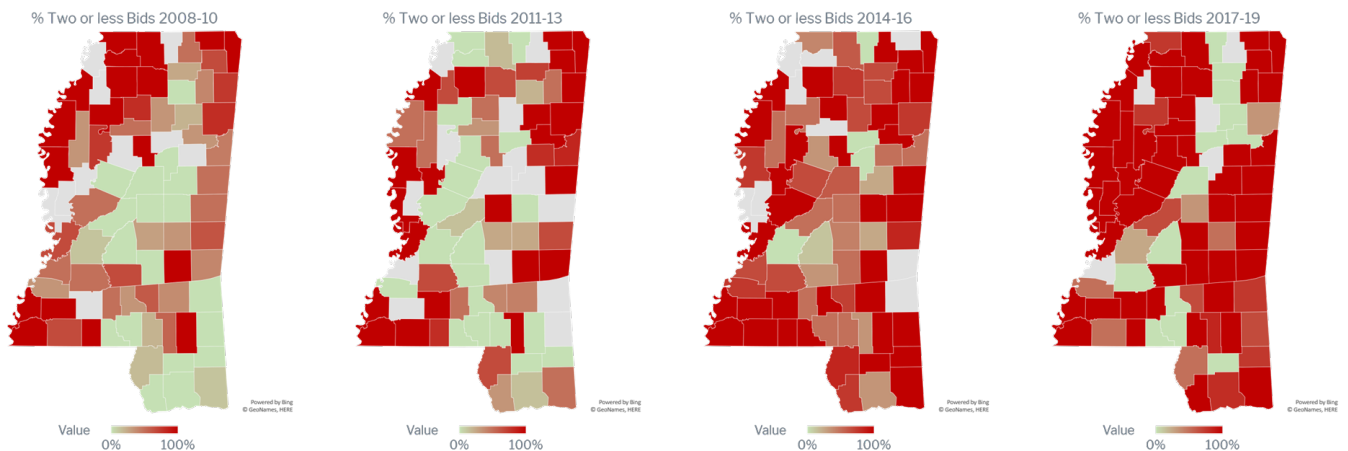
Dark red shading indicates that 100% of the work bid in the county (over the 3-year increment indicated) received no more than two bids. Counties shaded with greener tones received more competition (as measured by the percentage of projects receiving three or more bidders). Counties with gray shading had no paving work bid and awarded in the time period indicated.

Key Takeaway: The data show a pronounced trend over time towards more counties receiving just one or two bids per contract– most likely an unintended consequence of MDOT's programmatic shift away from any new construction/expansion to almost exclusively system preservation. The asphalt industry appears to have consolidated to align with MDOT's shrinking program.

18. To further illustrate just how tightly controlled the asphalt paving industry is in certain areas of Mississippi, Figure 4.2-6 identifies how many unique contractors won pavement-related work in each county over the period from 2008 through 2019. As shown by the red shading, work in several counties has been dominated by just a few firms.

*Figure 4.2-6: Number of Unique Contractors Winning Work in each County* (Pavement Contracts Awarded between 2008 and 2019)

Work in several counties has been dominated by just one or two firms since 2008, as indicated by the red shading.
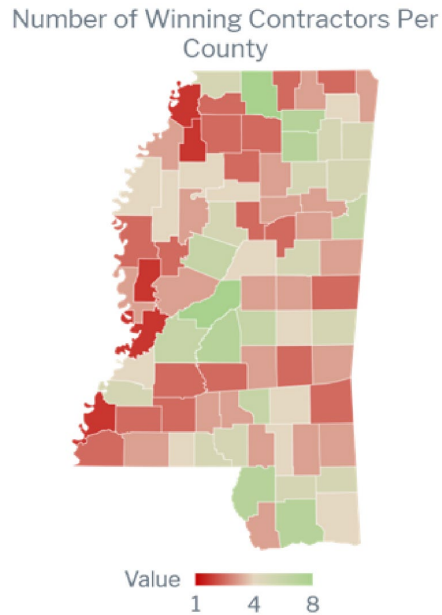
19. Figure 4.2-7 further dissects this data to highlight where some of the State's largest paving contractors have been successfully winning work on projects for which they were the sole bidder.

Figure 4.2-7: Concentrations of Single Bid Pavement Work by Contractor (Pavement Contracts Awarded between 2008 and 2019)
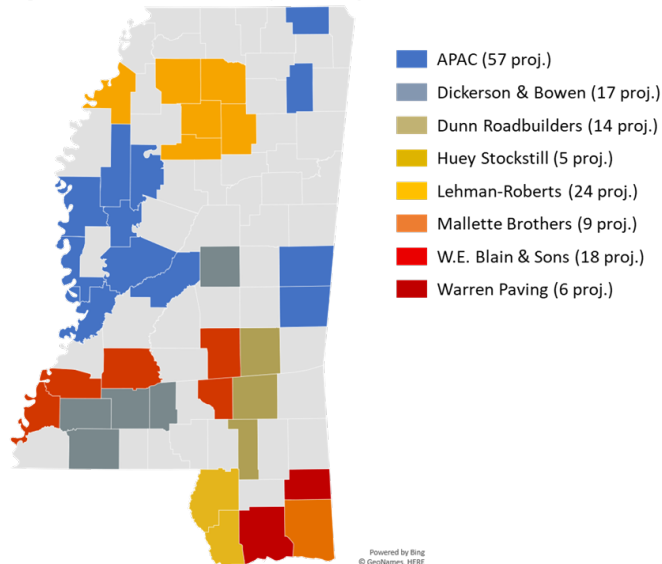
20. The figure above, in conjunction with the asphalt plant locations identified on Figure 4.2-8, suggests that contractors appear to be reliably winning single-bid pavement contracts in locations where they control the local hot mix asphalt plant. Conversely, areas of the State that are home to multiple plants generally experience more competition. This result suggests:

   a. The size of MDOT's current capital program and focus on system preservation are not providing enough work to entice industry to build more permanent plants.

   b. Individual projects are not large enough to make hauling over a certain distance and/or the use of a portable asphalt plant economically feasible.

   c. Until MDOT significantly expands its capital program, asphalt plant locations and capacity will continue to act as a key market constraint, responsible for driving higher bid pricing.

The lack of competition for asphalt pavement projects is being driven by:

- The location and ownership of asphalt paving plants.

- The size and focus of MDOT's capital construction program, which is not large enough to entice industry to build competing plants.

Figure 4.2-8: Hot Mix Asphalt Plant Locations
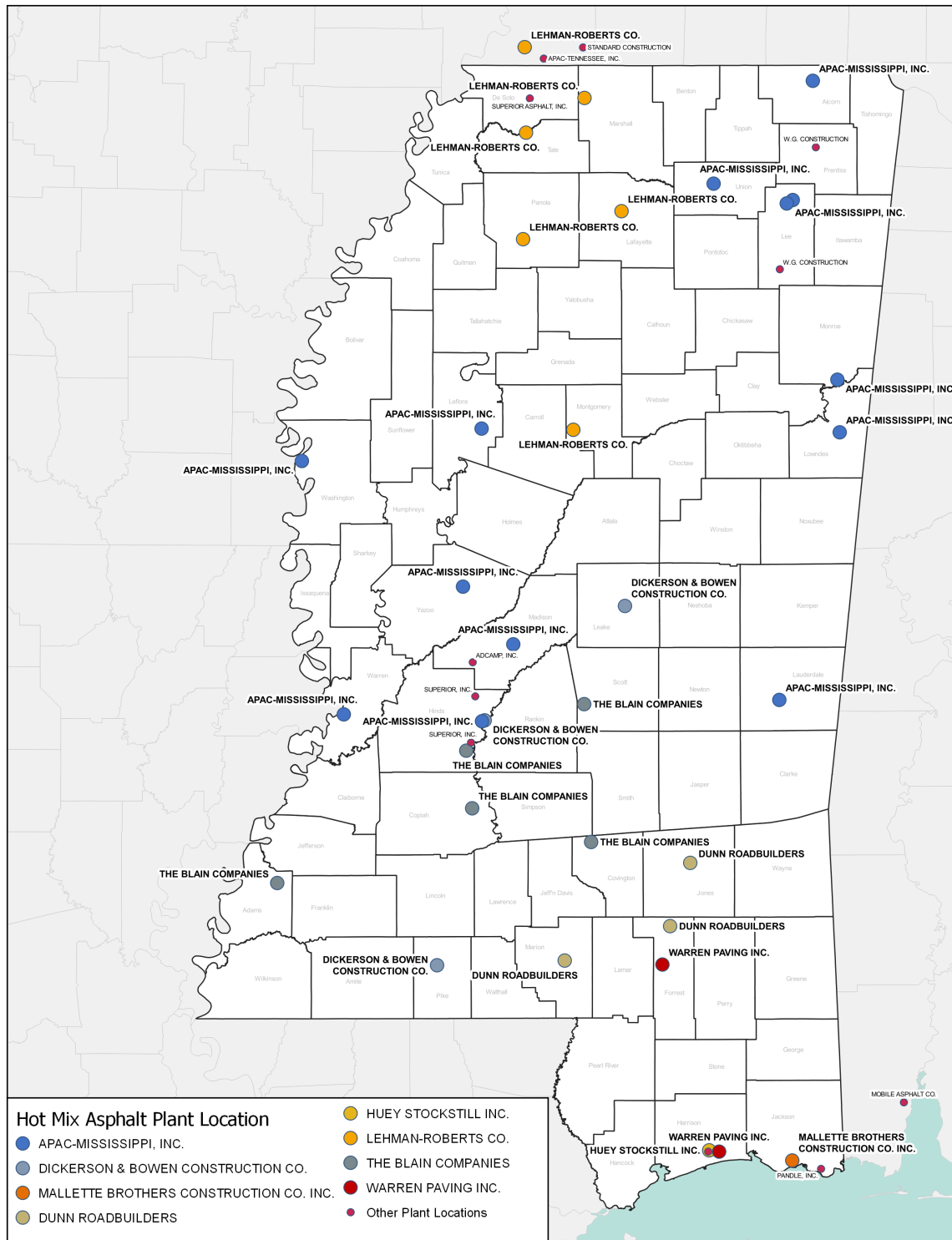
The locations and ownership of hot mix asphalt plants align with the successful single-bid information shown in Figure 4.2-7, suggesting that contractors are reliably winning single-bid pavement contracts in locations where they own the only hot mix asphalt plant in the vicinity of the work.   Conversely, areas of the State that are home to multiple plants generally experience more competition.

21. Given that pavement preservation, reconstruction, and improvement projects currently comprise the bulk of MDOT's capital construction program (almost 75% by dollar value), the effect of poor competition among paving contractors can be particularly costly.

22. Focusing on just the 215 pavement-related projects in the data set from January 2016 to November 2018, Figure 4.2-9 presents the distribution of bids as compared to the State Estimate.

    a. As shown, when only one bidder competes on a contract, most bids (45 out 54 contracts, or 83%) exceed the State Estimate by 0 to 10 percent.

    b. This +10% range acts as an upper threshold of sorts, as awards to low bids greater than 10% over the State Estimate must undergo a review and justification process (if MDOT does not choose to rebid these contracts outright).

Figure 4.2-9: Winning Bids Compared to the State Estimate
(For 215 Pavement Contracts Awarded from January 2016 through November 2018)
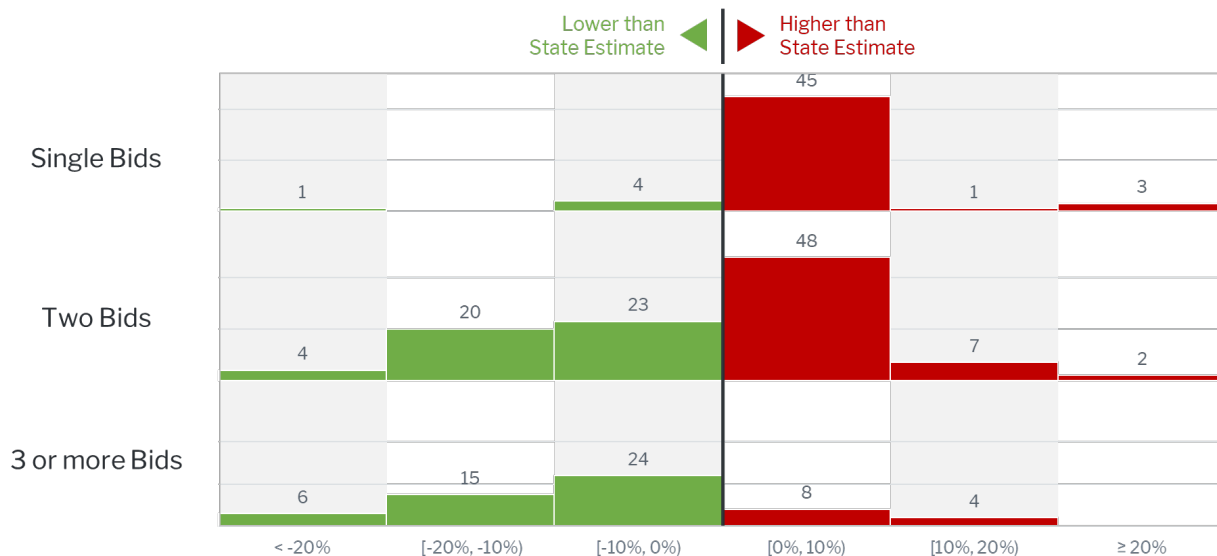
Key Takeaway: When only one bidder competes on a contract, most bids (45 out 54 contracts, or 83%) exceed the State Estimate by 0 to 10 percent. As more bidders enter the fray, the likelihood of estimates being lower than the State Estimate increases. 45% of the winning bids in the two-bidder situation, and 79% of those when three or more bidders compete, were less than the State Estimate.

23. Figure 4.2-10 further refines the single-bidder pavement data presented above to show how closely the winning bids approach the +10% ceiling. That most single bids fall within the +7-9% range presents a compelling case as to how market conditions and the level of sophistication of the local bidding community can combine to raise bid prices and thus the cost of construction.

    a. As demonstrated above, the geographical dominance of certain contractors has historically been well-established and would most likely

factor into the decision process of potential bidders as they consider whether to submit a bid.

b. Contractors will therefore have some insight into the likelihood of facing independent bidders for a project versus simply competing against the State Estimate.

c. The projects MDOT lets to bid are also often small, representative of routine work, and largely comparable to work performed in the past (particularly given the DOT's current focus on system preservation).

d. Considering the factors above and the fact that most projects won by single bidders fall within the +7-9% range over the State Estimate, one may conclude:

- It is not difficult for bidders to anticipate the State Estimate, especially given the availability of national commercial databases which, for a subscription fee, provide users access to public agency bid data.

- When contractors can reasonably assume they will only be bidding against the State Estimate, they will attempt to maximize their profitability while staying within the +10% range (so as not to automatically trigger a justification or rebid process).

Figure 4.2-10: Winning Bids Compared to the State Estimate
(For Single-Bid Pavement Contracts Awarded from January 2016 through November 2018)

	Over 10% or more	Over 7 - 9 %	Over 0 - 6 %	Under 0 - 6 %	Under 7 - 9 %	Under 10% or more
Count	4	37	8	2	2	1
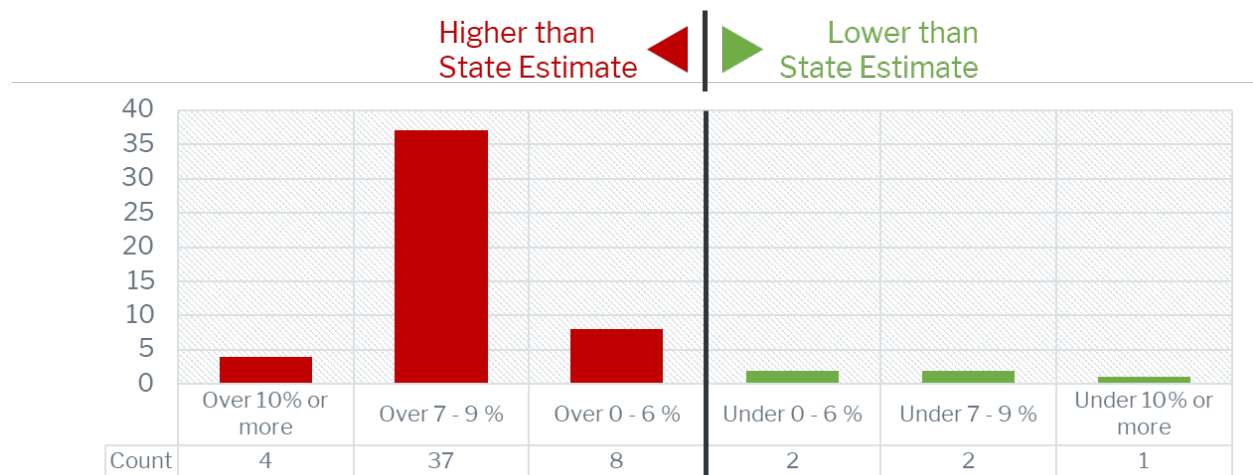
Key Takeaway: Most pavement projects won by single bidders fall within the +7-9% range over the State Estimate, suggesting that contractors will attempt to maximize their profitability while staying within the +10% range so as not to automatically trigger a justification or rebid process

Cost Control Strategies

24. As discussed above, until MDOT significantly expands its capital program, the location, ownership, and capacity of asphalt plants will likely continue to act as a key market constraint, responsible for driving higher bid pricing. (Ownership of

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aggregate sources, although not reviewed in depth as part of this audit, likely also acts as a limiting factor in MDOT's ability to attract viable competitive bids.)

25. As demonstrated both in interviews with MDOT staff responsible for project programming, and by a review of the bid data itself, MDOT not only has a thorough understanding of the market conditions facing its construction program, but has also actively taken steps to help mitigate the impact of poor competition, particularly for pavement projects. As discussed further in this section, these practices include:

- Protecting the State Estimate from the effects of non-competitive pricing

- Re-advertising projects when appropriate

- Strategically managing project lettings to increase the number of bidders

26. Given how closely market pricing tracks to the State Estimate (see Figure 4.2-10 above and the discussion regarding the consistency by which single bidders fall within the +7-9% range over the State Estimate), it is critical for MDOT to protect the independence of its State Estimates from the effects of noncompetitive pricing.

    a. As discussed further in Section 4.3, MDOT maintains a historical database of bid prices, which serves as a key input into the DOT's development of project estimates.

    b. When preparing estimates, MDOT takes care to exclude outlier pricing attributable to noncompetitive bidders or small quantities.

    c. Although it is difficult to quantify the savings this practice produces, identifying, understanding, and managing pricing anomalies when developing State Estimates helps ensure average item prices do not unnecessarily skew upwards over time.

> MDOT helps prevent unwarranted price creep over time by carefully identifying and managing the outlier pricing contained within its database of historical bid pricing.

27. A more quantifiable cost savings practice often implemented by MDOT entails the re-advertisement of work when the low bid is appreciably higher than the State Estimate.

    a. Based on its review of the bid history data maintained in BidExpress for the contracts MDOT awarded between January 2016 and November 2018, the consulting team identified at least 23 occasions when MDOT did not accept the first low bid, and instead opted to re-advertise the work at a later date.

    b. For 10 of these 23 rebids, competition (as measured by the number of bidders responding) increased when compared to the original bid results. (The pool of bidders remained identical for all but one of the remaining 13 projects rebid.)

    c. More telling, for 18 of the 23 rebids, the low bid decreased when compared to the original, generating a total of $4.5 million in savings.

> MDOT saved at least $4.5 million from 2016 to 2018 by rebidding projects.
>
> Rejection of higher than anticipated low bids also helps to reinforce MDOT's confidence in its State Estimates, which, in turn, helps keep a check on unit pricing.

28. Despite the potential for savings, circumstances may not always render rebidding to be in the public interest (which is why MDOT often opts to provide justification for awarding projects that exceed the State Estimate by more than 10%). Such

cases, as identified by FHWA in "Guidelines on Preparing Engineer's Estimate, Bid Reviews, and Evaluation" (2004) include:

- Safety projects necessary to correct hazardous conditions

- Emergency repairs or replacements of damaged facilities

- Projects to close gaps in otherwise completed facilities to allow opening to traffic

- Projects that are critical to a staged or phased construction schedule, where a delay (as would result from a subsequent advertisement and award process for a rebid) would substantially impact the completion date of the facility.

29. Similarly, rebidding may not be appropriate or practical if:

> In the case of the US 49 project, for which the low bidder was 34% over the State Estimate, MDOT initially underestimated productivity impacts related to restricted access, the number of driveways/businesses, and the phasing of the project.

- Upon receipt of bids, MDOT recognizes that the higher item pricing is attributable to a project or market constraint that was not adequately considered in the original State Estimate.

- Based on market and macroeconomic conditions (e.g., current and foreseeable contractor workload, resource availability, material pricing etc.), an appreciable change in the low bid is unlikely and does not warrant delaying the project further.

30. MDOT's strategic planning of contract lettings, with consideration given to the market and macroeconomic conditions that may impact bid prices, has also helped MDOT foster a more competitive bidding environment.

31. Foremost amongst these measures, particularly for pavement-related projects, is MDOT's monitoring of the work already under contract by each firm and at each asphalt plant to assess industry's ability and willingness to respond to bid advertisements.

> MDOT balances the projects in a particular letting with industry capacity, and will defer non-critical projects if competition is expected to improve in the future.

    a. Contractors are more likely to respond to project advertisements and to submit competitive (i.e., lower) pricing when they are in need of additional work. Conversely, if a firm already has a large backlog and/or has fully committed its resources, it may opt not to compete at all or may submit higher unit prices.

    b. Based on its assessment of the availability and capacity of contractors, MDOT will defer non-critical projects to a time when the potential for competition improves.

32. Project letting practices other owner organizations have found to be effective entail:

- Packaging projects to make them more attractive to bidders (e.g., bundling or combining small projects or splitting apart larger projects)

- Scheduling lettings to take advantage of any seasonal differences in competition

33. However, as demonstrated below, competition in Mississippi appears to be largely immune to these measures.

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a. Table 4.2-2 summarizes bid results by project size for 215 pavement-related projects awarded between January 2016 and November 2018. Contrary to the experience of some other agencies, larger projects do not, on average, attract appreciably more bidders than smaller projects. This suggests that MDOT's current packaging of projects is already right-sized to the capabilities and bonding capacity of local firms.
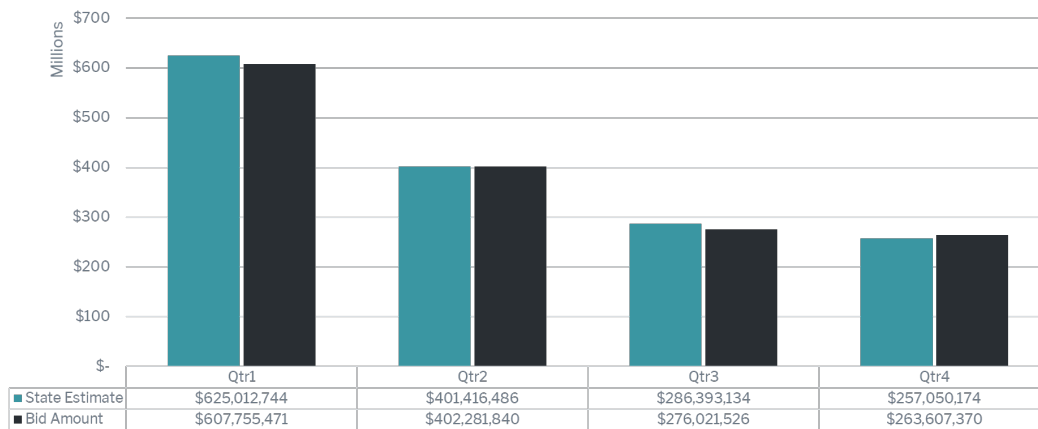
Project Size	Number of Projects	Average # of Bids Received (excluding irregular)
Less than $1M	19	2.16
Between $1M & $2.5M	89	2.07
Between $2.5M & $5M	64	2.11
Greater than $5M	43	2.42
Total	215	2.16

Table 4.2-2:
Effect of Project Size on Competition
(For 215 Pavement Contracts Awarded from January 2016 through November 2018)

Project size does not have an appreciable effect on competition.

b. MDOT's Standard Specifications (Section 102-11, Combination Bids) also allows contractors to selectively bid two or more individual projects in combination – a practice recommended in the AASHTO Practical Guide to Cost Estimating (2013) as a means to potentially award pooled projects at a lower cost than the estimated sum of the individual projects. That few contractors have acted upon this clause reinforces the conclusion that larger projects will not attract more competition.

c. Other agencies have benefited from marked seasonal differences in bidding patterns. This effect is less pronounced in Mississippi. As shown in Figures 4.2-11 and 4.2-12, MDOT may experience only a marginal benefit by bidding work in the first and third quarters of the calendar year.

Figure 4.2-11: Effect of Seasonality on Competition, Comparison of Winning Bids to State Estimates
(For 215 Pavement Contracts Awarded from January 2016 through November 2018)

	Qtr1	Qtr2	Qtr3	Qtr4
State Estimate	$625,012,744	$401,416,486	$286,393,134	$257,050,174
Bid Amount	$607,755,471	$402,281,840	$276,021,526	$263,607,370

(Graphic excludes the US 49 project as an outlier)

Key Takeaway: Bids in total were less than the State Estimate during the first and third quarters of the calendar year. This suggests MDOT may experience a marginal benefit by advertising projects in this timeframe.

Figure 4.2-12: Effect of Seasonality on Competition, % of Single Bidders
(For 215 Pavement Contracts Awarded from January 2016 through November 2018)

	Qtr1	Qtr2	Qtr3	Qtr4
Total Projects	101	147	90	50
% of Single Bids	12%	22%	14%	18%
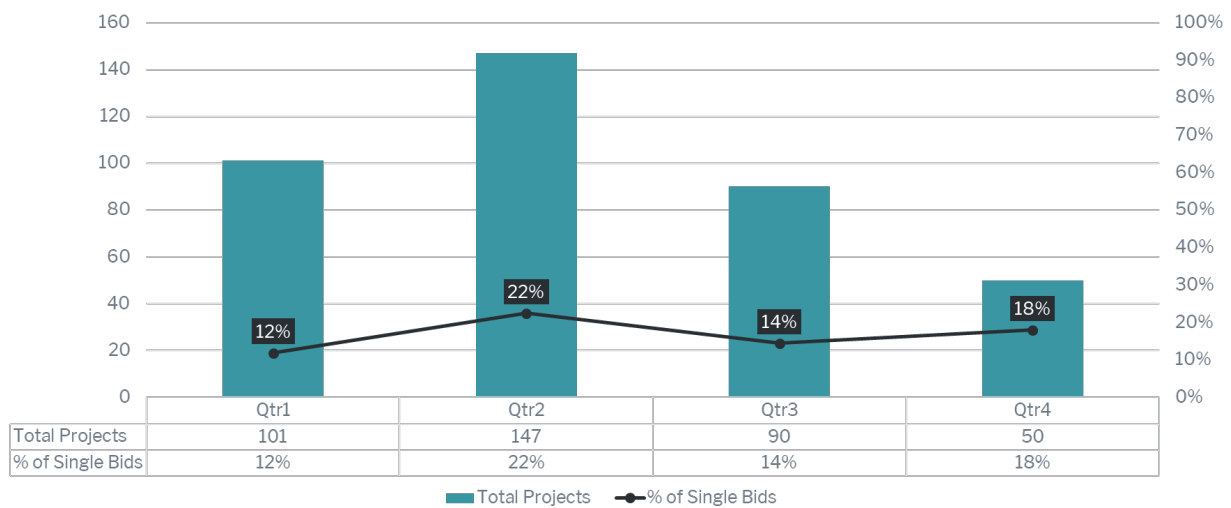
Graphic excludes the US 49 project as an outlier)

Key Takeaway: MDOT may see a marginal benefit by bidding work in the first and third quarters of the calendar year, when projects have a slightly higher chance of attracting more than one bidder.

4.3 Cost Estimates

Estimate Accuracy

1. A DOT's ability to produce realistic estimates of project cost is critical to ensuring informed financial decision-making and effective review and comparison of bids received.

    a. Under-estimating can cause costly project delays as additional funding is arranged to cover the contract costs.

    b. Over-estimating may result in inefficient allocation of already scare funding that could have been applied to other projects.

    c. Consistent under- and/or over-estimating can erode the public's confidence in the DOT's ability to assess the fair and reasonable cost of construction.

2. Best practices implemented by MDOT to help ensure estimate reliability include:

    • Maintenance of a historical cost database, which is used to support the development of State Estimates

    • Dedicated team of experienced Staff Estimators who can identify project characteristics and constraints that require adjustments to historical bid prices (e.g., to account for difficult site conditions, quantity differences, etc.)

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- Use of a uniform structure for preparing and presenting estimates, which aligns with the level of detail provided by contractors and facilitates the evaluation of bids and the monitoring of item costing over time

3. The successful implementation of these best practices by MDOT is evidenced by the accuracy of its State Estimates.

    a. According to FHWA guidelines[4,5], estimate accuracy should be measured by comparing the State Estimate against the low bid.

    b. As a performance measure of estimate accuracy, FHWA recommends that the State Estimate (also referred to as the "Engineer's Estimate" in some DOTs), should be within +/- 10% of the winning bid for at least 50% of the projects bid over a certain period of time.

    c. Testing MDOT's historic performance against this measure, Figure 4.3-1 indicates that MDOT produces credible estimates, with only two years (2009-2010) out of the past 12 failing to meet this threshold. (The 2-year anomaly is likely attributable to the receipt of ARRA funding, which led to a sudden increase in projects and more work than the market could readily support.)

Figure 4.3-1: Percent of Awarded Bids within +/- of the State Estimate
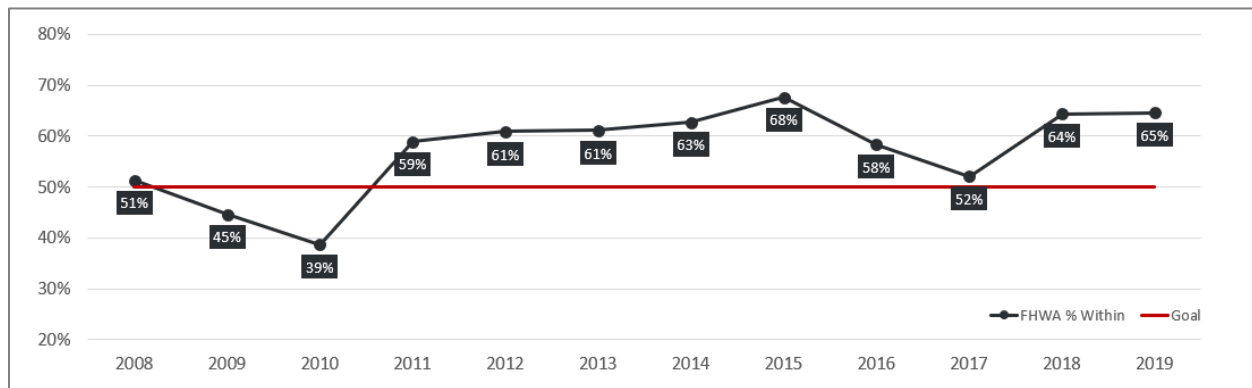
Key Takeaway: Since 2011, MDOT has consistently met FHWA's guideline for estimate accuracy, with the State Estimate being within +/-10% of the low bid for at least 50% of the projects awarded each year.

4. Where MDOT could impart more rigor to its estimating process entails its consideration of project-specific risks and uncertainties for the purpose of establishing appropriate cost contingencies (in anticipation of potential cost impacts that may occur due to changes in project scope, site conditions, market conditions, etc.).

Estimating Contingency

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[4] "Guidelines on Preparing Engineer's Estimate, Bid Reviews and Evaluation". Federal Highway Administration. January 20, 2004.
[5] "FHWA Lacks Adequate Oversight and Guidance for Engineer's Estimates". US Department of Transportation, Office of Inspector General. March 13, 2019.

MDOT could impart more rigor to its estimates by assessing specific project risks.

    a. Construction estimates will always contain some level of uncertainty attributable to potential variability in bid prices or quantities, and/or potential risk events, such as differing site conditions that could increase the cost of construction.

    b. When securing funding for the work, a simple way owners often account for this uncertainty is to establish an appropriate contingency amount to be added to the base estimate. As the project proceeds, contingency usage is carefully monitored to ensure the unused balance is sufficient to address the remaining project risks.

    c. Techniques used to establish project contingencies range from quantitative risk-based cost modeling to more simplified applications of direct percentages of estimated construction cost.

5. A review of MDOT's project funding requests reveals that MDOT applies a line item for "Engineering & Contingencies", calculated as a percentage of total construction cost, to arrive at the total project cost used for funding purposes. Where this approach differs from that used by other agencies is the co-mingling of costs meant to cover construction engineering (a tangible and necessary cost of construction) with that meant to cover risk (which a project may or may not incur).

MDOT's co-mingling of construction engineering costs with construction contingency funds masks the potential variability and perceived uncertainty in the cost estimate.

    a. Construction engineering entails the cost of activities associated with a DOT's administration and oversight of a project's construction phase (i.e., from award through final acceptance or closeout of the work). Depending on the agency, this may include labor and expense costs accrued by the DOT (and/or third-party consultant) in performing inspection, material testing, contract administrative functions, and similar tasks.

    b. DOTs often calculate construction engineering as a percentage of total construction costs, which may vary with the type, complexity, and size/$ value of the project. Even though this approach may be similar to how such agencies also estimate risk-related contingency, construction engineering and risk-related contingency are still managed as distinctly different line items.

    c. MDOT's co-mingling of construction engineering costs with construction contingency funds masks the potential variability and perceived uncertainty in the cost estimate, and as discussed further in Section 4.4, makes it difficult to effectively manage cost growth attributable to quantity variations and changes.

## 4.4 Construction Administration

This section explores MDOT's accountability and success as a steward of public resources in managing the delivery of the 249 projects that reached substantial completion between 2016 and 2018. To evaluate MDOT's operational efficiency in constructing projects, the consultant team evaluated the cost growth (award to final construction cost) and schedule growth exhibited on these completed projects.

Cost Performance

1. 52% of these 249 projects were completed within the original contract award price.

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2. As shown in Figure 4.4-1, cost performance in general does not appear to be driven by project size. However, as a future consideration for the delivery of large projects, with sensitive schedules and potential constructability challenges (i.e., similar to the active US 49 project), MDOT should consider requesting statutory authorization to use the Construction Manager/General Contractor (CM/GC) method. FHWA, based on the promising results achieved by other DOTs, has been promoting the use of this delivery method to improve cost control and reduce risk (though better design and contractor involvement during the preconstruction phase).

Figure 4.4-1: Construction Projects Completed within Budget
(For 249 projects completed between January 2016 and November 2018)
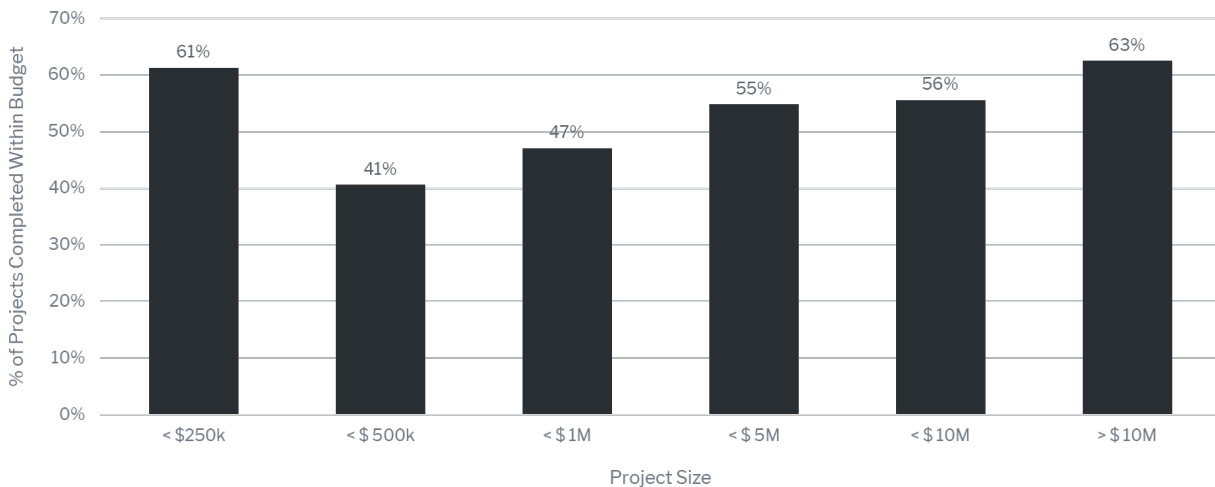
Key Takeaway: Based on 249 projects completed in 2016-2018, project size does not appear to have an appreciable effect on cost performance (as measured by comparing the construction contract award price to final construction costs).

3. Further parsing the project cost data, Figure 4.4-2 presents the distribution of cost overruns and underruns.

    a. As shown, more than half of the 119 projects that experienced overruns stayed within 10% of the original contract price.

    b. Taken in total, the project overruns during this three-year period reached over $29 million (see Table 4.4-1).

    c. At first glance, the fact that 130 projects, or 52% of the sample, were completed under budget could be looked upon favorably. However, due to these underruns, more than $23 million was inefficiently allocated.

> More than half of the overrun projects were within 10% of the original award value, which aligns with industry norms.

Figure 4.4-2: Variance Between Final Construction Cost and Initial Contract Award Price
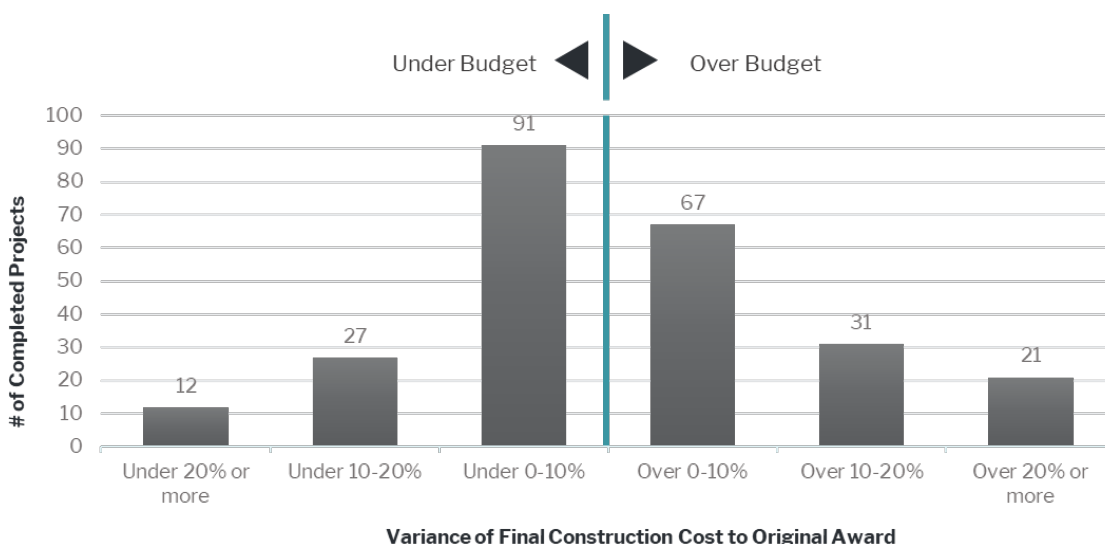**(For 249 projects completed between January 2016 and November 2018)**

Table 4.4-1:
Final Cost to Initial Contract
Award Price Variance
Analysis

Overly conservative estimates that lead to substantial underruns can be just as problematic as overruns. As summarized in the table, more than $23 million, or on average roughly $7 million a year, was inefficiently allocated to projects.

Variance Between Contract Award and Final Cost	Number of Projects	Total Overrun (Underrun)
Under-run (Final Cost < Contract Award)		
More than 20% under budget	12	$ (2,373,013.58)
Between 10 and 20% under budget	27	$ (8,453,407.64)
Between 0 and 10 % under budget	91	$ (9,659,864.24)
Over-run (Final Cost > Contract Award)		
Between 0 and 10 % over budget	67	$ 4,831,420.68
Between 10 and 20% over budget	31	$ 14,982,920.90
Over 20% over budget	21	$ 9,526,706.83

Quantity Variations

4.   The large variances seen in Table 4.4-1 above appear to be symptoms of a larger issue surrounding MDOT's ability to accurately estimate quantities.

   a.   The bulk of MDOT's construction program is based on unit price contracts (i.e., the original contract price is developed by multiplying MDOT's estimate of quantities by the winning contractor's bid item pricing and summing the total of all items).

   b.   Quantity variations on such contracts are to be expected. However, the consistency by which projects seem to be underrunning the original contract amount suggests that MDOT is being overly conservative in its development of quantity estimates.

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c. This conservatism appears to stem, at least in part, from including quantities in the bid documents to cover uncertain items (e.g., erosion control, excavation, and similar items that can be highly variable due to site conditions). This practice can help avoid the administrative burden of adding items to the contract through the change order process once the project is underway, as well as the premiums a contractor may otherwise charge if such items were to be added via change order rather than through the competitive bidding process.

d. Substantially overestimating quantities can also lead to overpayments of lump sum dependent items, such as mobilization and maintenance of traffic, which contractors generally price as a percentage of their overall initial contract price. When quantities substantially underrun, the potential exists for contractors to secure additional profits through such dependent items, which generally are not adjusted to reflect the actual cost of the work.

5. Moving forward, MDOT should strive to impart more precision into its development of quantity estimates and discipline into its real-time monitoring and forecasting of potential overruns/underruns.

a. As an initial step, MDOT District Offices should require Project Engineers to enhance the controls by which they *actively* track quantity variations.

b. MDOT's SiteManager software generates a recap of the final contract quantities on the Form CSD-200, Final Report of the Project Engineer, placing an asterisk beside pay items for which the final quantity varies by more than +/- 10% (or +/- $10,000) of the original contract amount.

c. According to MDOT's Construction Manual, all items marked with an asterisk (i.e., those that experienced significant over/underruns) "require an explanation by the Project Engineer as to why the item overran or underran."

d. Based on its review of a sample of these CSD-200 forms, the consultant team found several examples where such explanations were not provided.

e. If such explanations were provided with greater consistency in the future, they could be used to derive lessons learned and a better understanding of the project conditions that may lead to substantial quantity variations. This understanding could then be applied to inform MDOT's future project scoping and quantity estimation efforts.

f. Similarly, such information could also be used to help MDOT develop a more formal risk identification and management process. Clearly capturing the potential quantity variability as a risk (i.e., to be accounted for in the contingency added to the base estimate) would provide greater internal visibility to quantity uncertainties.

g. Moreover, active management of the contingency line item and forecasting of final quantities could allow for the earlier release of unneeded moneys to fund other projects. (Currently, unused project

> It should be noted that as part of the final payment process, items do undergo a rigorous check to ensure that all recorded quantities are traceable to in-place work. The issue is not of final cost accounting, but of a lack of active project management that could be used to inform real-time decision-making.

> Inconsistent documentation of quantity variances may prevent MDOT from identifying root causes and making potential improvements (e.g., to scoping and quantity estimating processes) to reduce the potential for future project cost variances.

funds are not released back into the program until after final payment to the contractor.)

Change Management

6. In addition to quantity variations, the total costs expended during a project's construction phase can also exceed the initially contracted amount as a result of mutually agreed upon changes to the contract via "Supplemental Agreements". Supplemental Agreements could entail:

- Alterations or changes to the original plans and executed contract

- Extra work that needs to be added to the plans for which there are no existing specifications and/or no existing contract pay items

- Extensions to the original contract time

7. MDOT's Construction Manual sets forth a formal process by which project changes or alterations are to be reviewed, evaluated, processed and approved.

8. To assess MDOT's adherence to this process, the consultant team focused on a smaller subset of 45 projects, selected to provide a representative cross-section of project scope (pavement rehabilitation, overlays, and bridge rehabilitation/replacement), delivery method (design-bid-build, design-build; working day vs. fixed completion), size or cost, and geographical location.

9. Review of a sample of the executed Supplemental Agreements on these projects did not reveal any substantive issues with the approved contract changes themselves, on the basis that:

- The work covered by the Supplemental Agreement constituted a valid change to the contract.

- The Supplemental Agreement was supported by adequate documentation to justify the resulting cost/schedule adjustment.

- MDOT appeared to have followed the standard administrative approval process set forth in the Construction Manual.

10. An aspect of the change management process that MDOT could enhance (staff resources permitting) entails more active management and forecasting of contingency usage (both for changes and quantity variations as discussed earlier).

> As previously recommended in Section 4.3, MDOT, particularly for larger projects, should take a more proactive approach to identifying, analyzing, and managing project risks.

   a. As identified in Table 4.4-2 below, 14 (or 31%) of the projects included in our subset of 45 projects exceeded not only the initial construction contract amount, but also the contingency MDOT added to this award amount to generate the Government Estimate used for funding purposes.

   b. This result suggests that the processes MDOT used to estimate contingency failed to recognize the actual level of risk facing the project and/or the level of uncertainty in the quantity estimates. To help avoid similar outcomes in the future, MDOT could either spend more time in the project scoping phase to minimize uncertainties or should develop a more rigorous risk-based approach to estimating contingency needs.

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c. The consultant team also recommends that MDOT improve its progress reporting practices (e.g., by maintaining a running log of approved and pending contract changes) to ensure project cost information is kept up-to-date, and forecasts better reflect the expected cost at completion. Better tracking of contingency usage will also help alert the Project Engineer to any upcoming need to prepare and submit a modified Government Estimate.

Table 4.4-2: Contingency included in MDOT Estimates vs. Actual Contract Overruns

Contract ID	Contract Award	Initial Contingency added to Award Amount	Construction Contract Paid to Date	Actual Construction Contract Overrun
CSP0022040601	$2,779,998.50	10%	$3,157,618.56	14%
CER1164000141	$976,417.15	10%	$1,143,339.78	17%
CEXB0008011111	$8,478,537.02	15%	$10,453,589.77	23%
CMP3000001061	$3,492,033.70	5%	$4,032,156.59	15%
CHSIP0079010321	$2,156,817.88	10%	$2,686,690.35	25%
CMP2000080801	$2,524,239.40	5%	$3,558,584.21	41%
CMP6589370101	$1,890,622.00	5%	$2,432,879.19	29%
CMP2000490781	$3,640,544.25	5%	$4,323,797.31	19%
CNH0079020171	$8,248,688.37	10%	$9,329,423.96	13%
CSTP0049010381	$2,806,562.25	10%	$3,917,469.82	40%
CBR0055022471	$1,814,184.00	10%	$2,106,476.98	16%
CNH0003011951	$3,730,330.30	10%	$4,834,248.43	30%
CSP0032010222	$1,514,614.00	5%	$2,230,537.73	47%
CER0063040061	$4,365,176.25	10%	$5,067,509.19	16%
CMP3049670161	$2,380,314.05	5%	$3,359,515.93	41%

Key Takeaway: The standard contingencies that MDOT adds to its project estimates to address unknowns (which typically range between 5 and 20%) are often insufficient to cover the actual cost growth experienced. This suggests that MDOT needs to either spend more time in the project scoping phase to minimize uncertainties and/or should develop a more rigorous risk-based approach to estimating contingency needs.

11. As an additional measure of the efficiency by which MDOT delivers the capital program, Figure 4.4-3 aggregates the total direct and indirect costs expended on completed projects within the sample subset of 45 projects.

Project Cost Breakdown

a. As shown, indirect or "soft costs" related to preliminary engineering, design, and other pre-construction services unrelated to right-of-way acquisition, amounted to 9% of the overall project cost.

b. This figure aligns with industry norms and suggests that MDOT is controlling the cost of design, which is often outsourced to consultants. (See Chapter 2 for details on consultant contracts)

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Figure 4.4-3:
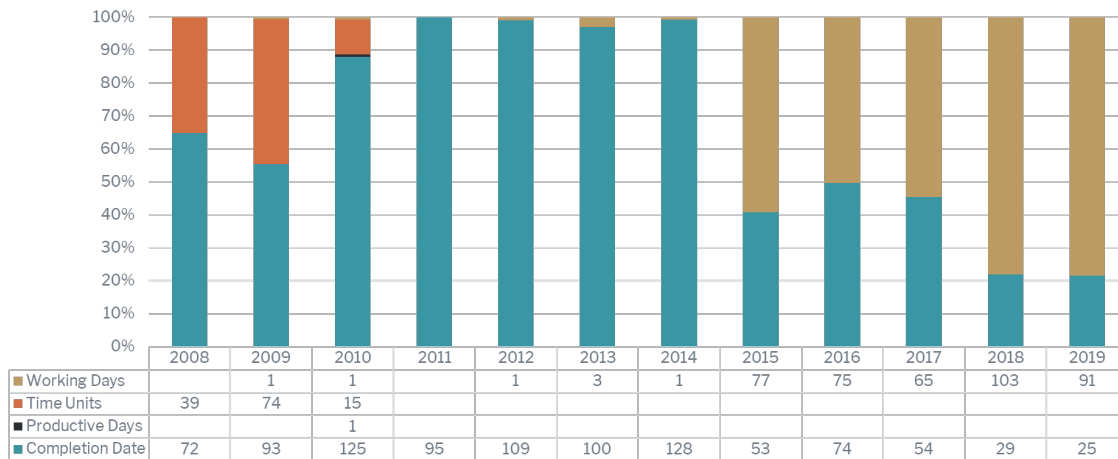*Comparison of Direct vs.*
Indirect Costs

Indirect project costs related to preliminary engineering, design, and other pre-construction services unrelated to ROW acquisition, amounted to 9% of the overall project cost, which is within industry norms.

Pie chart:
- ROW 10%
- Other Costs 9%
- Direct Construction Costs 81%
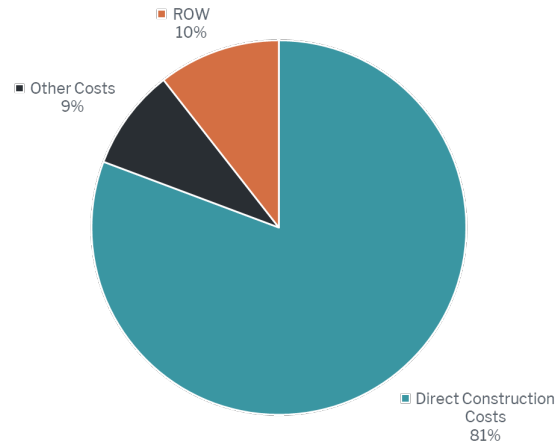
Schedule Performance

12. MDOT generally sets a contract's schedule by either estimating the number of working days in which the contractor may complete the work, or specifying a completion date by which time the contractor shall have completed the work.

   a. As shown in Figure 4.4-4, MDOT has in recent years shown a greater preference for working day contracts, which mirrors MDOT's programmatic shift towards less time-sensitive, system preservation work.

   b. Perceived benefits of working day contracts include their potential ability to:

   - Better allocate risk associated with adverse weather (and thereby mitigate the possibility of contractors including weather-related risk premiums in their bids)

   - Allow more scheduling flexibility for MDOT and contractor staff

   c. On projects requiring completion by a certain date, or where a large volume of traffic may be affected, MDOT continues to use specified completion date contracts.

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Figure 4.4-4: Contract Time Requirements, Working Day vs. Specified Completion Date

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
■ Working Days		1	1		1	3	1	77	75	65	103	91
■ Time Units	39	74	15									
■ Productive Days			1									
■ Completion Date	72	93	125	95	109	100	128	53	74	54	29	25

Key Takeaway: A pronounced shift has occurred in MDOT's capital program towards greater use of working day contracts.

13. To evaluate on-time performance, the consultant team looked at completed projects for which the contract's final completion date was either the same as, or earlier than, the original completion date (or, for working day contracts, the number of working days used was equal to, or less than, the originally authorized number of working days).

14. As shown in Figure 4.4-5, project delays appear to be particularly problematic for larger, presumably multi-season, projects.

Figure 4.4-5: Construction Projects Completed on Schedule
(For 249 projects completed between January 2016 and November 2018)
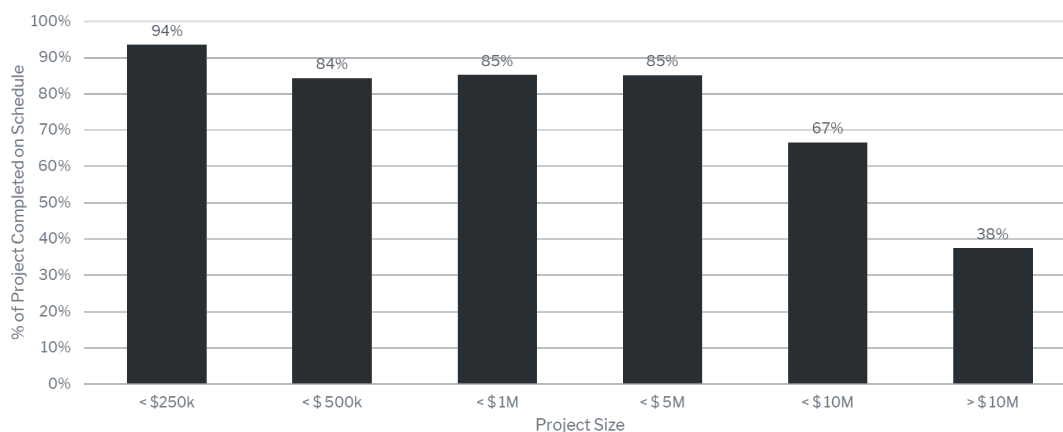
Key Takeaway: Unlike cost growth (see Figure 4.4-1), schedule growth (or delays to the original contract completion time) appears to be closely related to project size.

15. Schedule delays, as summarized in Table 4.4-3, are more likely to occur on completion date contracts, with only 75% of the 120 completion date contracts finishing within the *original* contract time (i.e., not accounting for any time extensions approved via Supplemental Agreement). Conversely, 92% of the 129 working day contracts were completed within the original contract time.

   a. This result is not surprising, as working day contracts generally provide MDOT and contractors greater flexibility to manage times when weather and other project conditions would preclude the work from progressing.

   b. It should be noted, however, that completion date contracts are more commonly used across the industry, and are generally perceived as being a better motivator for timely contractor performance, particularly when time is of the essence.

Table 4.4-3:
Comparison of Schedule Performance for Completion Day vs. Working Day Contracts

Schedule delays are more likely to occur on completion date contracts, with only 75% of the 120 completion date contracts finishing within the original contract time

Time Performance	Completion Date Contracts	Working Day Contracts
Completed on Schedule	75%	92%
Contract time exceeded by 0-10%	8%	1%
Contract time exceeded by 10-20%	7%	4%
Contract time exceeded by more than 20%	10%	3%

16. As a means to improve the on-time performance of completion date contracts, MDOT has experimented with A+B bidding provisions in an attempt to incentivize contractors to complete the work in a timely manner.

   a. Under the A+B method, a bid will have two components:

      • The A component is the traditional dollar amount equating to the contractor's estimate to complete the work.

      • The B component reflects the number of calendar days the contractor proposes to complete the work.

   b. The B factor is only used to determine the lowest bid for award purposes (i.e., not for payment).

   c. If the contractor fails to complete the work within the time established in its bid, the contractor is assessed a disincentive in addition to the standard liquidated damages.

17. The intent of A+B bidding is to motivate contractors to minimize construction time and delays.

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    a.   However, as shown in Table 4.4-4, the on-time performance of the completed A+B contracts within our sample set was not superior to that of the completion date contracts that did not include this provision.

Time Performance	Specified Completion Date, without A+B provision	Specified Completion Date, with A+B provision
Completed on schedule	87 projects (76%)	3 projects (43%)
Contract time exceeded	26 projects (23%)	4 projects (57%)

*Table 4.4-4:
On-time Performance of A+B Contracts*

A+B bidding does not appear to be achieving the desired effect of improved on-time performance.

    b.   Although the sample of completed A+B contracts is too limited to draw definitive conclusions, the tabulated results above, coupled with the administrative challenges (e.g., shift work, night work, etc.) of managing a contractor with an aggressive schedule, suggests that increased use of A+B bidding may not help MDOT achieve the desired effect of improved on-time performance.

    c.   As an alternative, as MDOT continues to develop the performance-based prequalification system discussed in Section 4.2, it should consider incorporating a factor related to contractors' history of completing projects on time.

4.5   Materials Management and Construction Inspection

1.   A well-designed quality assurance (QA) program provides confidence that the materials and workmanship incorporated into a project are in reasonably close conformance to the approved plans and specifications. MDOT's construction inspection and materials testing practices are therefore vital to assuring that the public gets the constructed products and services that it pays for.

A well-designed QA program can identify and resolve any potential construction quality issues that could increase the risk of reduced design life, increased maintenance costs, service interruptions, and/or safety hazards.

2.   Internal inspection and testing efforts amount to approximately 3-4% (or $20 million) of MDOT's annual construction budget of approximately $600 million. This section investigates MDOT's materials management and inspection program to identify any strategies that could improve the effectiveness or efficiency of MDOT's quality assurance practices and/or achieve cost-savings.

3.   MDOT's standard specifications and associated construction and materials manuals set forth its requirements for quality management.

Construction Specifications and Manuals

4.   Based on a review of these documents, MDOT's QA requirements are generally reasonable, efficient, not overly restrictive, and allow the agency to remain cost effective while still providing the requisite assurance of the quality of the materials and manufactured products incorporated into the transportation network (in accordance with the Federal Code of Regulations, specifically, CFR 23 CFR 637, Construction Inspection and Approval).

    a.   Focusing on two of the most widely used materials in transportation construction, a well-designed quality management system for asphalt pavements and structural concrete is in place.

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> Title 23, Code of Federal Regulations, Part 637 requires each DOT to develop and implement a QA program designed to assure that the materials and workmanship incorporated into Federal-aid highway construction projects on the National Highway System (NHS) conform to the requirements of the approved plans and specifications.

    b. Producers and suppliers are generally required to participate in industry association quality programs, such as:

- The National Ready Mixed Concrete Association's (NRMCA) Inspection program

- The NRMCA QC Manual QC checklist

- The Precast/Prestressed Concrete Institute's (PCI) plant certification program, and the latest edition of the PCI Quality Control Manual

- The American Concrete Pipe Association (ACPA)

- The National Precast Concrete Association (NCPA)

    c. Materials technicians are required to hold various certifications from either MDOT, or equivalent programs (such as the American Concrete Institute) for the type of work or testing being performed.

Manufactured Materials

5. Some agencies have found opportunities to streamline their QA processes, particularly for fabricated and manufactured materials (e.g., reinforcing steel, piping, raised pavement markers, etc.) that are produced under generally controlled conditions. (This is in contrast to project-produced materials, such as hot mix asphalt, which often require a high level of testing and inspection to control variability and assure performance.)

6. MDOT similarly has implemented practices to optimize the acceptance of manufactured materials. For example, some manufactured materials and products are pre-inspected at the source and have permanent markings, tags, or other types of approval methods to assure they meet specification requirements prior to being shipped to the project site.

    a. Many of these material approval processes are handled by MDOT's central Materials Division, minimizing the QA required in the field to a simple visual inspection (rather than full sampling and testing).

    b. Systems such as this allow for a more efficient and expeditious flow of work on project sites while providing assurance that specifications are met or exceeded.

7. MDOT participates in the AASHTO National Transportation Product Evaluation Program (NTPEP).

    a. NTPEP pools resources of AASHTO member DOTs to evaluate commonly used materials, products and devices, and provide cost effective evaluations and test data for agencies to determine if they are appropriate for use in the agency's approved product listing.

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b. Using NTPEP has the potential to save time and effort by eliminating duplicate testing. NTPEP provides test data to participating agencies for their review and provides facility auditing of the producer's manufacturing quality management system.

c. Tennessee Department of Transportation (TDOT) uses NTPEP's national audit program to certify producers wishing to remain on TDOT's approved products list. In return for its annual $20,000 contribution to the NTPEP, TDOT has realized savings approaching $1,000,000 in reduced testing and auditing costs and streamlined product acceptance.[6] TDOT developed a special provision requiring producer participation in a NTPEP facility audit as part of its product approval process.

8. MDOT also currently maintains an "Approved Sources of Materials" list.

   a. The procedures for getting products on this MDOT list appear to be clear and not an onerous process.

   b. More frequent reliance on this process could potentially save time and effort for both contractors and the Department, as it would minimize the need for additional field sampling and/or testing at the project site.

9. Like those maintained by most DOTs, MDOT's Standard Specifications for Road and Bridge Construction are predominately prescriptive or "recipe" specifications that require contractors to use specific materials, equipment, and methods to complete the work.

   a. The prescribed requirements are typically based on materials and methods that have historically produced satisfactory results, thereby eliminating risk associated with newer, less proven methods and risk associated with varying contractor performance.

   b. A possible drawback to this approach is the lost opportunity associated with using alternative materials or sources that could result in superior performance or time or cost savings.

10. Moving away from prescriptive specifications towards more performance-oriented specifications has several desirable advantages including shifting some of the responsibility (and risk) to the contractor, thereby allowing the contractor to use its knowledge of local materials and its equipment and methods to optimize its operations to meet the specified performance requirements.

11. For example, with regard to concrete, MDOT specifications currently specify a maximum water to cementitious material ratio. Specifications of some other DOTs are instead moving towards specifying a minimum cement content to provide the contractor increased flexibility in proportioning the concrete in a manner that meets requirements in a more economical and efficient manner. (An added protection against cracking potential limits the maximum cementitous material for certain classes of concrete.)

> Tennessee DOT reported a significant return on investment approaching $1,000,000 by requiring participation in NTPEP by its producers for product approvals.

Performance Specifications

> NCHRP Synthesis 492, Performance Specifications for Asphalt Mixtures found that approximately 80% of DOTS were using or experimenting with asphalt mixture performance tests. The most common tests were for predicting moisture damage (including MDOT), fatigue resistance, and thermal cracking. The perceived advantages are reduced maintenance costs and longer service life to major maintenance intervals.

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[6] http://www.ntpep.org/Documents/What%20is%20NTPEP/2019%20NTPEP%20Annual%20Meeting%20Big%20Sky%20MT-D.%20Lane.pdf

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12. In the asphalt area, the traditionally used materials acceptance properties (e.g., asphalt content, gradation, air voids, VMA, etc.) may not provide the best indication of long-term performance. More modern specifications for asphalt mixtures are beginning to incorporate more performance-based properties including fatigue cracking, moisture damage, stiffness, and dynamic modulus.

13. MDOT personnel are aware of the current progress being made in both asphalt pavements and structural concrete related to standards and test methods that are more directly related to performance.

    a. MDOT personnel are willing to explore these performance-oriented methods that could extend service life of pavements and structures and reduce maintenance costs.

    b. For example, MDOT is currently evaluating the cost-effectiveness of performance-based asphalt cracking tests and how they relate to performance in Mississippi.

14. To continue to move forward with performance specifications, MDOT should explore opportunities to get involved with national coordinated efforts by AASHTO and FHWA in both asphalt pavement and concrete. Such participation would allow MDOT to have a voice in how the national standards are developed.

Optimization of Acceptance Testing and Inspection

> Optimization of CE&I and Material Testing using risk-based inspection and testing and other strategies can significantly reduce costs and resources needed for acceptance of the work.

15. MDOT has several long-standing procedures and detailed guides for inspection and materials sampling and testing that meet MDOT standards and FHWA regulations (23 CFR 637). These are excellent guides that fully describe what facets of an item require sampling, the sample size, who does the sampling, who does the testing, what items require additional paperwork or certifications, or if only a visual inspection is required.

16. While these guides provide an excellent resource, MDOT should conduct a thorough review of its inspection and sampling frequencies to optimize sampling and testing and inspection efforts, targeting those items having a greater risk of negative impacts if not tested or inspected more frequently.

    a. A classic example is testing concrete for an incidental item such as non-structural concrete for sidewalks or median barriers, especially in a location such as Mississippi that experiences minimal freeze thaw cycles.

    b. Moving towards a risk-based sampling and testing approach could result in significant cost savings and improved allocation of staff resources, allowing for a more intensive sampling, testing, and inspection focus on items of work that are more critical.

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17. MDOT undertook an internal study addressing risk-based optimization of construction engineering and inspection (CE&I) related to its administration of Local Public Agency (LPA) projects.

    a. Based on the research findings, MDOT recommended that inspection and testing frequency be calibrated to the perceived level of risk inherent in the project work item or materials (e.g. full-time inspection and standard testing frequencies for safety critical or higher risk items, and part-time or intermittent inspection and lower testing frequencies for low risk work or materials).

    b. The long-term recommendations associated with the study were to optimize the staffing levels for projects including CE&I and materials inspection and testing based on the project-level risks.

    c. Additional considerations towards achieving optimal efficiency should include levels of effort required for project administration, time spent on pay item documentation, and appropriate qualifications levels of staff to perform CE&I.

18. As DOTs are transitioning to the use of statistically-based QA specifications and alternative contracting methods, more DOTs are using contractor QC test results in their acceptance decisions.

    a. The use of contractor QC test results can further reduce the frequency of MDOT testing need to accept items of work that require tests for acceptance.

    b. Based on a review of MDOT's Inspectors Handbook, it appears that MDOT is using contractor test results for selected asphalt mixture property acceptance; this practice can potentially be extended to other items of work or materials requiring testing for acceptance.

19. MDOT may also wish to consider converting to a system-based Independent Assurance program for certain items. Such an approach can result in better utilization of qualified sampling and testing personnel and the avoidance of duplication of sampling and testing effort.

20. As an additional consideration related to optimization of inspection and materials management, MDOT District personnel have acknowledged that a significant level of time and effort is expended compiling quantities for payment instead of focusing on more critical QA inspection duties.

    a. The MDOT District personnel indicated that retaining and training staff is a serious issue and bridge and roadway inspection duties on time-sensitive projects with night shifts can overextend already short-handed District inspection staff.

    b. Opportunities to mitigate this issue could include using streamlined methods for acceptance of the work as suggested by the District staff. These strategies include structuring the inspection by using a Lump Sum or Plan Quantities approach to payment for more items (e.g., bridge decks, pier caps, surface area of paving, etc.) in lieu of adding up tickets, measuring items, or other means of determining the quantities. Such

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NCHRP 838, Guidelines for Optimizing the Cost and Risk of Materials QA Programs (2017) provides a framework for adjusting materials QA practices to achieve an optimal balance of QA effort based on the risks of nonconformance.

A TXDOT Synthesis of Construction Inspection Workload Reduction Strategies (2009) determined that the use of Lump Sum or Plan Quantity take-offs for payment was the 2nd highest ranked strategy for inspector workload reductions. Other workload reduction strategies included:

- Greater reliance on contractor QC testing and inspection

- Greater use of certification for plant-produced materials/products

- Outsourcing specialty inspections

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approaches can significantly reduce the time inspection staff spend on measurement and quantity verification for payment.

4.6   Summary

HKA's analysis of MDOT's processes for the delivery of capital construction projects has identified several opportunities to improve the overall management of the capital program to achieve budget efficiencies and lower construction costs. These recommendations fall into several categories including:

- Increasing competition in the procurement of construction contracts,
- Improving accuracy of estimating of construction costs and risks,
- More rigorous monitoring and reporting of the cost and schedule performance of contractors, and
- Reducing inspection and testing costs related to quality management and payment.

These recommendations are more difficult to estimate in terms direct cost savings. However, HKA's analysis of the data of prior projects demonstrates the opportunities for achieving lower bid prices and the opportunity to improve budget efficiency resulting in more projects with the same allocated budget.

Recommendations	Potential Benefit
1. Continue to pursue performance-based prequalification of bidders to help achieve the best value to the public.	Budget Efficiency
2. Improved competition will save costs. Re-advertising projects when appropriate saved **$4.5 million** between 2016 and 2018. If MDOT had received at least 2 bids on 67 contracts that only attracted one bidder, it may have realized **savings of approximately $18M** in construction costs. As market conditions change or the program expands, MDOT should consider a formal contractor and supplier outreach program to enhance competition in the regions of the State with the lowest competition.	Lower Construction Costs
3. Improve contingency estimating by assessing project-specific risks to establish appropriate risk-related project contingency and separately track contingency risk costs from construction engineering costs.	Improved contingency estimates
4. MDOT should strive to impart more precision into its development of quantity estimates and discipline into its real-time monitoring and forecasting of potential overruns/underruns. An analysis of 249 completed projects revealed that 52% were completed within or below budget and 48% were completed overbudget **resulting in a total overrun of $29M.** Of the underrun projects 119 appear to be driven by overly conservative quantity estimates in the bid documents. This practice resulted in the **inefficient allocation of more than $23M, or on average roughly $7M a year.**	Improved cost controls and efficiency of annual budget expenditures

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Recommendations	Potential Benefit
5. Improve schedule performance for completion date contracts, through real-time schedule monitoring and forecasting of potential delays	Realize time and indirect cost savings
6. Quality Management a. Move towards using a risk-based approach to inspection and sampling and testing to focus limited inspection resources on critical items of work. b. Converting to a system-based Independent Assurance program for certain items can result in better utilization of qualified sampling and testing personnel and avoid duplication of sampling and testing effort. c. Use alternative measurement and payment methods for selected items or features of work (e.g., plan quantities or lump sum items) that can be accepted without the need for detailed field measurements.	Reduced inspection and testing costs for quality management and payment

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5. Maintenance

5.1 Introduction

This chapter investigates MDOT's maintenance program to determine what MDOT is doing well and to identify any strategies that could improve the efficiency or cost-effectiveness of the maintenance function.

The maintenance program comprises a significant portion of MDOT's overall expenditures, totaling over $188.6 million in FY 2018.

Program	FY2018 Actuals
Construction	$ 759,592,348
Maintenance	$ 188,624,517
Administration, Equip. & Buildings	$ 47,453,520
Enforcement	$ 14,528,055
Aero, Rails, Tran & Ports	$ 34,879,897
Debt Service	$ 74,547,603
Total	$ 1,119,625,940

MDOTs FY 2018 budget report summarized these expenditures in various maintenance categories including roadways, bridges, shoulder, drainage, roadside, traffic services, and other categories such as buildings and rest areas. Most expenditures ($51 million) were for PCA 230 - Routine Non-contract State Highway & Bridge Maintenance. The next largest category of expenditures ($17 million) were for PCA 760 – Service Center Maintenance. Given that the majority of MDOTs current construction program is dedicated to preservation of existing highway and bridge assets, a significant percentage of Maintenance Projects ($182 million in FY 2018) were let to Contract under the Construction program of which approximately 90% were overlay projects and 9% were for preventative maintenance.

MDOT was an early DOT implementer of a performance-based program for Maintenance Management. MDOT's Accountability in MDOT Maintenance Operations (AMMO) system (AMMO) system, which has been in place since 2010, is being used by the Districts primarily to track quantities, labor, and cost performance. The intent of the system had been to identify and prioritize maintenance needs based on Level of Service (LOS) targets and determine the appropriate level of in-house maintenance resources needed. If the level of effort exceeds in-house capabilities, then in theory MDOT contracts out for these services.

MDOT District staff are responsible for management and administration of the maintenance program. This includes performing surveys and inspections prioritizing maintenance needs, putting together the 3-year maintenance plan and budget, and determining what maintenance work to perform in-house and what to outsource. The priority of projects and budget is based on a 3-year plan that that is updated annually based on existing asset conditions.

District management staff indicated that certain maintenance services are kept in-house because they are difficult to contract out (i.e. small or emergency projects, specialty work,

This chapter assesses the following aspects of MDOT's maintenance program:

- Implementation of Performance-based Maintenance

- Outsourced maintenance vs. self-performance of similar work

- Alignment of MDOT's self-performed maintenance with optimized fleet and equipment inventory

indefinite quantities, etc.) whereas other more predictable or well understood scopes of work (mowing, litter control, pavement preservation, and rest area maintenance) are contracted out. Based on each District's maintenance plan, District management also must determine projected maintenance staffing and related equipment and resource requirements to perform the maintenance work and administer the program.

Three areas of interest arose from a review of the program documentation and interviews with MDOT Central Office and District staff:

- Section 5.2 assesses MDOT's implementation of its performance-based management system to determine the extent to which the collected data is used to determine what maintenance activities to perform inhouse vs. what to contract out, and plan what levels of staffing are needed for the maintenance program.

- Section 5.3 addresses whether self-performance or outsourcing of certain maintenance functions is more cost-effective especially given staff turnover and the recommendations associated with optimization of the fleet (Note that it is MDOT's opinion that its self-performance helps keep contractor pricing in line).

- Section 5.4 addresses rest area optimization and whether efficiencies can be obtained by closing or leasing rest areas to reduce maintenance and operating costs.

Chapter Highlights

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Performance-Based Maintenance	▲	• MDOT uses a performance-based maintenance management system (AMMO) and was an early implementer of a performance-based maintenance management. • Some MDOT districts use the AMMO performance-based maintenance system primarily as a retrospective tracking tool for quantities, labor, and cost performance for specific maintenance activities, but not as a planning and resourcing tool.	• Expand the capabilities of the AMMO system to be used as a planning tool for resources, equipment and commodities for more predictable maintenance activities. Provide additional training and support as needed for the expanded use of AMMO. • Tie performance-based LOS targets to budgeting and planning and scheduling estimates for maintenance activities to determine the most effective deployment of maintenance staff to meet targets.
Outsourcing of Maintenance	▲	• Given staffing and budget constraints, MDOT outsources selected maintenance activities or work that is commercially attractive, predictable and competitively priced. • MDOT uses a quote system to further streamline procurement and save costs for minor maintenance works.	• Continue to selectively outsource maintenance work that can be demonstrated to be reasonably competitive and cost effective compared to retaining permanent in-house staff and equipment.

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Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Optimization of Rest Areas	●	• Rest areas and welcome centers are costly to maintain and operate. • Other DOTs have investigated closing rest areas in the vicinity of privately-run commercial alternatives. (For example, Ohio DOT estimated $7.2 million in annual savings if it were to close 21 rest areas.)	• MDOT should carefully evaluate its welcome centers and rest areas and close selected rest areas with available alternate private commercial facilities or reduce service unless (or until) rest areas are needed for emergencies. Comparable studies have identified significant savings in janitorial and operational costs.

▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

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5.2   Performance-based Maintenance Management

1. Performance-based highway maintenance and operations (M&O) management has been the subject of active research and industry exchanges since the early 2000s. The focus of these efforts has tended to emphasize performance-based elements, or the "tools of the trade": for example, condition assessment, measures of performance, definitions of levels of service (LOS), establishment of LOS thresholds, and incorporation of these elements within existing, modified, or new maintenance management systems (MMSs).

2. In 2008 MDOT was an early implementer of a new performance-based MMS referred to by the agency as Accountability in MDOT Maintenance Operations (also called AMMO).

   a. MDOT followed a multi-staged trial and evaluation process in acquiring the software and building in desired performance-based capabilities.

   b. MDOT conducted a needs analysis and business process review to identify the current process and potential future improvements.

   c. MDOT customized AMMO based on the needs identified, and the system was tested and implemented in multiple stages. It included several modules/functionalities including Work Planning, Work Order Management, Remote Processing and GIS capability. This new way of managing maintenance was expected to serve a number of performance-related tasks; for example, to track highway system condition and performance; develop needs-based estimates; help prioritize M&O needs and actions; develop and support budget requests; allocate resources among districts; and quantify relationships between LOS parameters and cost.

3. Based on discussions with MDOT District personnel, ten years after the introduction of the AMMO system, some Districts are primarily using the system as a tracking tool rather than as the intended planning tool.

   a. Furthermore, AMMO is not used the same way in every District. While some Districts appear to use the AMMO system to schedule work and create a backlog of work orders, other Districts use it as a Daily Work Report and tracking tool or a tool to retrospectively look at usage costs.

   b. While some districts log all information regarding work hours, materials, and resources, others do not.

4. AMMO is a valuable tool that is providing MDOT with data on how the M&O work is distributed and the costs associated with specific tasks. The tool would be even more powerful if its use were standardized across all Districts and used as a planning tool for predicting the maintenance resources needed to meet LOS targets for specific maintenance activities.

   a. This would allow more useful comparisons using operational performance metrics for planning purposes.

   b. For example, cost efficiency in activities like mowing is tracked in the maintenance budget summary based on costs per acre. Further, costs per acre for routine in-house tractor mowing can be compared to contract

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mowing. Districts can then determine how much and what types of work can more effectively be contracted out and what level of District staff and equipment should be retained for specific maintenance activities during a construction season.

5.3   Self-performance of Maintenance vs. Outsourcing

1. District staff generally indicated that maintenance staff self-perform work that is not commercially attractive or practical. This self-performed work may include more difficult mowing, selected pavement preservation (chip seals, thin lifts, potholes and patching, crack repairs, etc.), bridge maintenance and repairs, drainage and roadside, traffic service maintenance (striping, signs, lighting), and various emergency repairs.

2. District staff perform condition assessments or inspections of assets, prioritize based on the severity of deterioration, and break scopes of work into packages or maintenance sections based on age and design parameters.

3. From a budgeting perspective, District management indicated that there is an incentive to package and push planned maintenance work into the bid process (outsourcing) because of budget limitations and other staffing constraints. The work that is more predictable and quantifiable is outsourced to include mowing (less difficult areas), pavement preservation (overlays and thin lifts), rest area maintenance, bridge painting, and work packages with fixed or known quantities that are large enough to attract bidders.

4. Work typically performed by in house maintenance staff includes first responder accident response and emergency repairs (e.g., guardrails, signage, pavement washouts less than 100' or emergency pothole repairs), specialty high mast lighting, or other smaller projects.

5. Districts also use a "Quote" system to outsource commodities or minor maintenance work that do not need formal plans, studies, or procurement safeguards (i.e. bonding).

    a. The quote system significantly lowers costs and expedites procurement using emails to a preselected group of contractors to obtain quotes and make selections.

    b. The quote system is similar to a more formal job order contracting or Indefinite Delivery Indefinite Quantity (IDIQ) contracting processes promoted by FHWA and used by many DOTs for minor maintenance, emergency repairs, overlays or other types of seasonal maintenance work.

6. District staff have also indicated that studies have been done to assess whether leasing of equipment, mowing services, litter pickup, and maintenance of rest areas or other facilities would be more cost-effective. While some districts conclude that in-house maintenance, for example building maintenance in 10 counties, is much more cost-effective, other Districts outsource because they do not have or cannot retain the in-house staff needed to perform the work.

7. Retaining DOT maintenance staff is generally a major issue as noted in the Chapter 2 staffing assessment. Salaries were apparently not competitive with similar county positions in the state. In 2019, the average experience level of maintenance staff in one district was four months.   Given this shortage, the capacity and capability of a District's staff also may dictate whether outsourcing is more practical or the only solution.

8. Given MDOT's current challenges with retaining in-house maintenance staff, it should continue to selectively outsource maintenance work that can be demonstrated to be reasonably competitive and cost effective compared to retaining permanent in-house staff and equipment.

9. In conjunction with recommendations to reduce underutilized vehicles and equipment in the MDOT fleet, MDOT should explore opportunities to negotiate leases with favorable terms for specific bundled maintenance services and equipment for scopes of work that are well understood and attractive to private maintenance providers.

5.4   Rest Area Optimization

1. Rest areas were singled out by District staff as being costly or candidates for private development/leasing in that they are mostly underutilized except during floods and hurricane evacuations but required 24-hour security and janitorial services.

2. Rest area optimization is a common cost-saving measure for state DOTs. In the last few years, states including Arizona, California, Connecticut, Kentucky, Maine, Missouri, Michigan, Texas and Virginia have looked at rest area closures as a cost saving measure. Most states that research rest areas focus on similar criteria, such as distance between alternative stopping opportunities and the utilization of existing areas. States that have evaluated rest area closure have reached various conclusions.

   a. For example, Michigan concluded that it was not necessary to close any rest areas whereas Connecticut decided that the private sector offered enough alternatives to allow for the closure of all DOT-maintained rest areas.

   b. Ohio DOT conducted a study that recommended reducing the number of rest areas on its state highway system based on the availability of equivalent private facilities in the vicinity of the rest areas. It also assessed the viability of having a private partner operate selected facilities. It was estimated that closing 21 rest areas having alternative stopping opportunities nearby, would save ODOT approximately $7.2 million annually.

3. MDOT should carefully evaluate its welcome centers and rest areas to assess the viability of closure based on available alternate private commercial facilities.

5.5   Summary

Based on the above discussion, HKA observes and recommends the following:

- AMMO is a valuable tool that is providing MDOT with data on how the M&O work is distributed and the costs associated with specific tasks. The tool would be even more powerful if its use were standardized across all Districts and used as a planning tool for predicting maintenance resources needed to meet LOS targets for specific maintenance activities.

- MDOT should continue to selectively outsource maintenance work that can be demonstrated to be reasonably competitive and cost effective compared to retaining permanent in-house staff and equipment.

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- MDOT should carefully evaluate welcome centers and rest areas and close selected rest areas with available alternate private commercial facilities or reduce service unless (or until) rest areas are needed for emergencies.

These recommendations are based on industry practices and successful initiatives implemented by other DOTs. MDOT should conduct a more in-depth analysis of their current performance-based maintenance and processes for outsourcing or optimizing maintenance activities to test the recommendations and assess the extent of potential cost savings.

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6. Fleet Management

6.1   Introduction

During fiscal years 2017 through 2019, MDOT expended approximately $29 million (or an average of $9.6 million annually) to operate and maintain its fleet of vehicles (considering fuel, preventative maintenance, and repair costs). During the same period, MDOT spent over $18.5 million to acquire new vehicles. The processes by which MDOT operates, maintains, and upgrades its fleet are therefore essential to ensuring the efficient use of funds. As discussed in this chapter, potential opportunities exist to generate savings and/or improve efficiency through the implementation of fleet optimization strategies, including:

- Eliminating or repurposing underutilized vehicles,
- Establishing an optimal asset management-based vehicle replacement strategy,
- Right-sizing fleet maintenance staffing,
- Strategic use of leasing,
- Maximizing the benefits of GPS, and
- Standardization of the fleet.

To provide a basis for these strategies, Section 6.2 first characterizes MDOT's current fleet inventory in terms of:

- Vehicle classes (passenger vs. work),
- Location (District Office vs. Central Office),
- Assigned usage (commuting vs. non-commuting),
- Vehicle type (pickup trucks, specialty vehicles, cars, SUVs, etc.), and
- Age and miles driven

Section 6.3 then determines the extent to which any vehicles in these categories are over- or under-utilized. Building upon this utilization analysis, Section 6.4 recommends a vehicle replacement strategy intended to improve the cost effectiveness of MDOT's fleet, in line with recent asset management practices implemented by similar agencies, including the Alabama, Missouri, and Ohio DOTs. Section 6.5 proceeds to evaluate MDOT's fleet maintenance staffing, considering national standards and other strategies to right-size the fleet. In the context of MDOT's current practices, Section 6.6 explores additional strategies to optimize fleet management, including leasing, use of GPS devices, and vehicle standardization.

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Section 6.3: Utilization Analysis – Fleet Rightsizing			
Non-Commute Vehicles	●	• MDOT's fleet includes a significant number of older vehicles that appear to be both underutilized and costly to maintain. • 365 non-commute vehicles were identified as potentially underutilized.	• MDOT should take incremental steps to eliminate vehicles from the fleet that are consistently underutilized. • **Savings of up to $13M in future acquisition costs are projected.**

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
Commute Vehicles	●	• 38 commute vehicles were identified as being potentially underutilized based on falling below the general usage guidelines provided by the DFA for making purchasing decisions (15,000 miles per year).	• MDOT should conduct further analysis on commuting vehicles identified as potentially underutilized (< 15,000 miles/year) and consider reassigning or repurposing underutilized vehicles. • **Savings of up to $895K in future acquisition costs are projected.**
Section 6.4: Optimal Replacement Strategy			
Fleet Replacement Strategy	■	• MDOT's current fleet replacement strategy (7 years and 150,000 miles) has resulted in an aging fleet (9.8 yrs. on average) with relatively high operating and maintenance costs. • MDOT's average return on investment (18%) is low compared to that achieved by other state DOTs that have adopted an asset management approach to fleet replacements.	• MDOT should implement a more optimal replacement strategy for major categories of vehicles and equipment in the fleet (both on-road and off-road) with the goal of reducing the overall age of the fleet and maximizing the salvage value. • Looking at just the pickup fleet with more than 150,000 miles, **projected savings may approach $4.2M.**
Section 6.5: Fleet Maintenance Staff			
Fleet Mechanics	●	• MDOT's current in-house fleet maintenance staff includes 80 employees across six Districts covering approximately 2,278 vehicles, 633 pieces of heavy equipment, and 630 tractors. • Assuming MDOT's current 1:44 mechanic-to-vehicle ratio is in line with the needs of its aging fleet, a reduction in vehicles would call for a commensurate reduction in fleet mechanics.	• MDOT should right size in-house vehicle maintenance staff in proportion to any reductions in fleet inventory. • For example, reducing the number of mechanics by 20% could lead to **projected savings of up to $600,000 annually**.
Section 6.6: Other Optimization and Cost Reduction Strategies			
Leasing or Renting	▲	• MDOT has explored vehicle and equipment rental and leasing as an option to reduce fleet size and save on ownership costs. • MDOT has used rental contracts for mowing and for certain specialty equipment (e.g., heavy road working equipment, bucket trucks, mini excavators), and increased the equipment rental vendor list.	• MDOT should continue to consider rental and lease options for specialty vehicles or equipment where financing terms are favorable, and costs are lower compared to equipment or vehicle purchases or mileage reimbursements.

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
GPS	▲	• In Spring 2017, MDOT began installing GPS devices on all fleet vehicles. MDOT is now able to track among other things, idle time, speed alerts, harsh cornering, harsh braking, rapid acceleration, and similar information, and track if the issue occurred during working hours or not. • Conservatively assuming 10 percent fuel savings due to GPS implementation, MDOT is **likely saving upwards of $450,000 annually** based on typical annual fuel expenditures of $4.5 million.	• The MDOT Central Office should develop a consistent set of metrics around GPS (e.g., location, idle time, speeding, harsh braking/accelerating, mpg, etc.) and standard policies governing GPS across all Districts to maximize the benefits and leverage the data to track vehicle usage patterns or identify underutilized vehicles.
Standardization	■	• MDOT uses 15 different manufacturers to cover their fleet needs. • With different makes and models for each type of asset, maintaining the assets and their parts can create challenges and drive up costs.	• If it were able to narrow its fleet operations to a few standard vehicle types or critical components, MDOT could potentially realize savings on parts, maintenance, repairs, and training, in addition to minimizing down time. • When purchasing new vehicles, total life-cycle cost savings should be considered when comparing the price of a standard model with any new model.

|	
▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

6.2   Classifying MDOT's Fleet Inventory

Vehicle Classes

1. MDOT follows the Mississippi State Department of Finance and Administration's (DFA) standard policies for managing its vehicle fleet.

    a. DFA budget categories define "vehicles" as "any piece of equipment with an odometer."

    b. The DFA Fleet Manual (October 2018) then classifies vehicles into the following two usage categories:

        • *Passenger Vehicles* are "used primarily in transporting agency personnel and the agency's equipment from one location to another".

        • *Work Vehicles* are "used primarily to perform a work assignment or tasks while incidentally transporting agency personnel and agency equipment from one location to another".

2. Focusing on these two categories, Figure 6.2-1 summarizes trends in MDOT's vehicle inventory since 2010.

Figure 6.2-1: MDOT's Inventory of Passenger and Work Vehicles
(MDOT Vehicle Data as of November 2019)

Between 2010 and 2019, the total number of passenger and work vehicles in MDOT's fleet declined by approximately 17 percent and 4 percent, respectively.
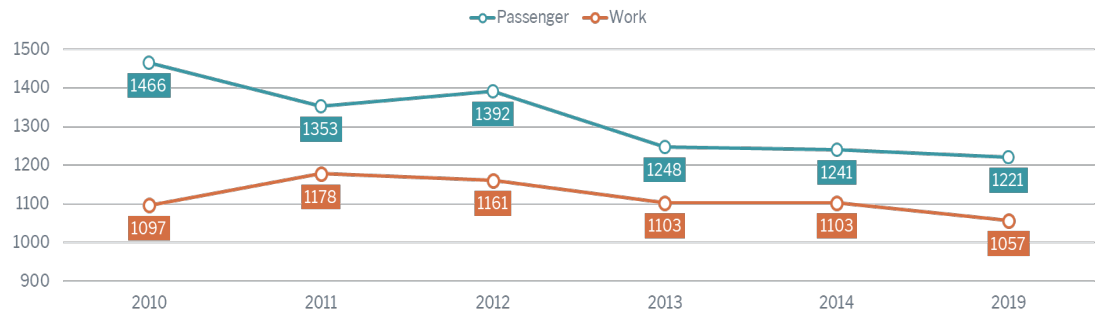
a. As shown, there has been approximately a 17 percent decrease in the number of passenger vehicles and a 4 percent decrease in work vehicles between 2010 and 2019.

b. In the last 9 years, the total fleet number, combining both passenger and work vehicles, decreased from a high of 2,563 total vehicles in 2010 to 2,278 vehicles by November 2019, for an overall reduction of over 10 percent.

c. The total number of vehicles remained relatively stable from 2010 through 2012, averaging 2,549 vehicles. The downward trend thereafter can be attributed in part to a measure enacted by the State Legislature in FY 2012 (Bill Number SB 2917), which:

    • Placed a moratorium on the acquisition of motor vehicles by any state agency for one year, and

    • Required that any state agency with more than 40 vehicles to reduce the total number of vehicles in the fleet by 2 percent for

each fiscal year between July 1, 2013 and June 30, 2016 (excluding law enforcement and emergency vehicles).

3. Table 6.2-1 further classifies the vehicle data according to its assigned location. As shown, most of the fleet (84%) is distributed across the District Offices, with the remainder being used by Central Office staff and the Law Enforcement program.

Location	Passenger	Work	Grand Total
District 1	157	145	*302*
District 2	145	184	*329*
District 3	134	140	*274*
District 5	221	187	*408*
District 6	170	190	*360*
District 7	108	141	*249*
Central Office	147	68	*215*
Enforcement	139	2	*141*
Grand Total	**1221**	**1057**	*2278*

The majority of MDOT's current fleet (84 percent) is used by the District Offices. As could be expected, given the role played by Districts in performing highway maintenance activities and construction oversight, they generally have a higher proportion of work vehicles than seen in the Central Office and the Law Enforcement program.

4. In addition to distinguishing between passenger and work vehicles, DFA also requires every vehicle to be assigned to one of the following three categories: law enforcement, commute, and non-commute.

   a. Table 6.2-2 summarizes these classifications, and their usage restrictions, as defined in the DFA Fleet Manual.

Assigned Usage
(Commute vs. Non-Commute)

Table 6.2-2: Description of Commute vs. Non-Commute Vehicles
(Source: DFA Office of Purchasing, Travel and Fleet Management, Rules and Regulations, Fleet Manual, October 2018)

	Commute	Non-Commute	Law Enforcement
Description	A state-owned vehicle assigned to be driven from an employee's primary place of work to an employee's residence as needed. Authorization for a commute vehicle assignment requires clear justification to the DFA that providing the user a vehicle would be a cost saving to the agency and the State.	A state-owned vehicle assigned to be driven to and from an employee's primary place of work to any temporary place of work and then returned to the primary work location on a daily basis. Non-commute vehicles include both of the following: • **Motor Pool** vehicles that are available for use by any authorized user of the agency • **Individual Non-Commute** vehicles that are assigned to a single individual for use in the performance of their job duties during their scheduled work hours	A state-owned vehicle assigned to a sworn law enforcement officer whose position requires daily performance of the duties of a sworn law enforcement officer. Copy of supporting certification must be provided to DFA prior to approval of Law Enforcement vehicle assignment.

	Commute	Non-Commute	Law Enforcement
Usage Restrictions	A commute vehicle: • May not be used in a commuting capacity solely by virtue of the user's job title or position • Cannot be part of a compensation or administrative package • Requires clear justification to the DFA that providing the user a vehicle would be a cost saving to the agency and the State	Non-commute vehicles must not be driven to and from the employee's residence unless the employee has been authorized by his or her agency to utilize the vehicle in "travel status."	An employee who is a sworn law enforcement officer as defined in Section 45-6-3 of the MS Code or a law enforcement trainee as defined in Section 45-6-3(e) of the Code, and whose position requires him or her to daily perform the duties of a sworn law enforcement officer may drive a vehicle if use of the vehicle is essential for the employee to carry out their daily job duties

b. Table 6.2-3 classifies MDOT's current fleet according to these commute- vs. non-commute categories. As shown, commute vehicles make up only 10 percent of the fleet, with the remainder being returned to the primary work location at the conclusion of each working day, if used at all.

Table 6.2-3: Commute vs. Non-Commute Assignments
(MDOT Vehicle Data as of November 2019)

Commute vehicles make up only 10 percent of MDOT's fleet

Location	Commute	Non-Commute		Law Enforcement	Grand Total
		Individual	**Pool**		
District 1	17	12	273	-	**302**
District 2	23	49	257	-	**329**
District 3	14	12	248	-	**274**
District 5	20	41	347	-	**408**
District 6	27	136	197	-	**360**
District 7	20	34	195	-	**249**
Central Office	30	70	115	-	**215**
Enforcement	-	-	56	85	**141**
Grand Total	**236**	**354**	**1688**	**85**	**2278**

Vehicle Type

5. Another way to classify the vehicles included in MDOT's fleet is by vehicle type.

a. Table 6.2-4 identifies and describes the various vehicle types included in MDOT's current inventory.

Table 6.2-4: Vehicle Types in MDOT's Current Fleet
(MDOT Vehicle Data as of November 2019)

Vehicle Type	Vehicle Model/Description
Pickup trucks	Pickups less than 1-ton without a specialized use. For example, an F-150, Chevy Silverado, etc.
Specialty trucks	Pick-ups greater than 1-ton and work vehicles with specific uses such as a tractor, aerial bucket, asphalt paver etc. These tend to be larger models such as the F-450, F-550.
Dump trucks	Dump trucks with 2 to 16 cubic yards capacity depending on use

Vehicle Type	Vehicle Model/Description
SUV	Sport Utility Vehicles, including the Chevy Tahoe, Ford Explorer, Ford Escape etc.
Sedans	Automobiles, including the Chevy Impala, Ford Taurus, Dodge Charger etc.
Vans	Models such as the Dodge Grand Caravan, Ford E-150 etc.

    b.   Table 6.2-5 then classifies MDOT's fleet according to these vehicle types.

Table 6.2-5: Classification of MDOT's Fleet by Vehicle Type
(MDOT Vehicle Data as of November 2019)

Location	Pickup Truck	Specialty Truck	Dump Truck	SUV	Sedans	Van	Grand Total
District 1	176	57	65	2	-	2	**302**
District 2	159	72	94	-	1	3	**329**
District 3	128	58	76	6	1	5	**274**
District 5	219	93	81	3	-	12	**408**
District 6	183	78	89	6	1	3	**360**
District 7	126	59	59	-	2	3	**249**
Central Office	77	53	-	11	45	29	**215**
Enforcement	52	1	-	71	16	1	**141**
Grand Total	**1120**	**471**	**464**	**99**	**66**	**58**	**2278**

Key Takeaway: Almost half of MDOTs current fleet consists of pickup trucks. Most SUVs, passenger sedans, and vans are assigned to the Central Office and the Law Enforcement program.

    c.   As shown in Table 6.2-5, almost half of MDOT's current fleet consists of pickup trucks, with specialty trucks and dump trucks being the other two major vehicle categories.

    d.   The table also reveals differences in the composition of vehicles assigned to District Offices versus the Central Office and Enforcement program. As could be expected, given the role played by the Districts in performing highway maintenance and construction oversight, the fleet makeup at the District level primarily consists of pickups, specialty vehicles, and dump trucks. In contrast, the Central Office fleet consists of mostly SUVs, passenger sedans, and vans, in addition to pickup trucks.

6.   MDOT follows the DFA's standard policies and minimum replacement criteria for its vehicle fleet.

    a.   Under this policy, vehicles become eligible for replacement once they reach 7 years of service and an odometer reading of over 150,000 miles.

Age, Miles Driven, & Repair Costs

b. In adhering to this policy, agencies may practice some discretion to:

- Replace vehicles sooner if there are excessive maintenance and repair costs, or

- Retain vehicles longer if maintenance and operating costs are unusually low.

According to State policy, MDOT generally cannot replace a vehicle until both of the following criteria are met:

- 7 years of services

  AND

- 150,000 miles driven

7. Reviewing MDOT's current fleet data in the context of this replacement policy reveals the following:

a. The current fleet ranges from 1 to 34 years in service, with an average age of 9.8 years.

b. 59 percent of the fleet is more than 7 years old.

c. 26 percent of the fleet exceeds the 150,000 miles driven threshold.

d. 34 percent of the fleet is more than 7 years old but has less than a 150,000-mile odometer reading.

e. 25 percent of the fleet (569 vehicles) qualify for replacement (based on exceeding 7 years of service and 150,000 miles driven). These vehicles include 280 passenger vehicles and 289 work vehicles.

8. Figure 6.2-2 presents the distribution of MDOT's current fleet based on age and miles driven.

a. The red lines visualize the replacement threshold set by the State, dividing the chart into four quadrants.

b. The upper right quadrant represents those vehicles that currently exceed the replacement threshold (i.e., are older than 7 years and have more than 150,000 miles).

c. As shown, the vehicles in this quadrant represent 25% of the total fleet and have, over their lifetime, incurred an average repair cost of over $31,000.

d. Also noteworthy is the lower right quadrant, representing vehicles that are more than 7 years old, but have less than 150,000 miles. Such older vehicles (which represent 34 percent of the fleet) may be underutilized, while also accruing high lifetime repair costs (as reflected in the relative size of the data points in the graphic).

Figure 6.2-2: *Distribution of Passenger and Work Vehicles in MDOT's Fleet based on Years of Service and Usage*
(MDOT Vehicle Data as of November 2019)
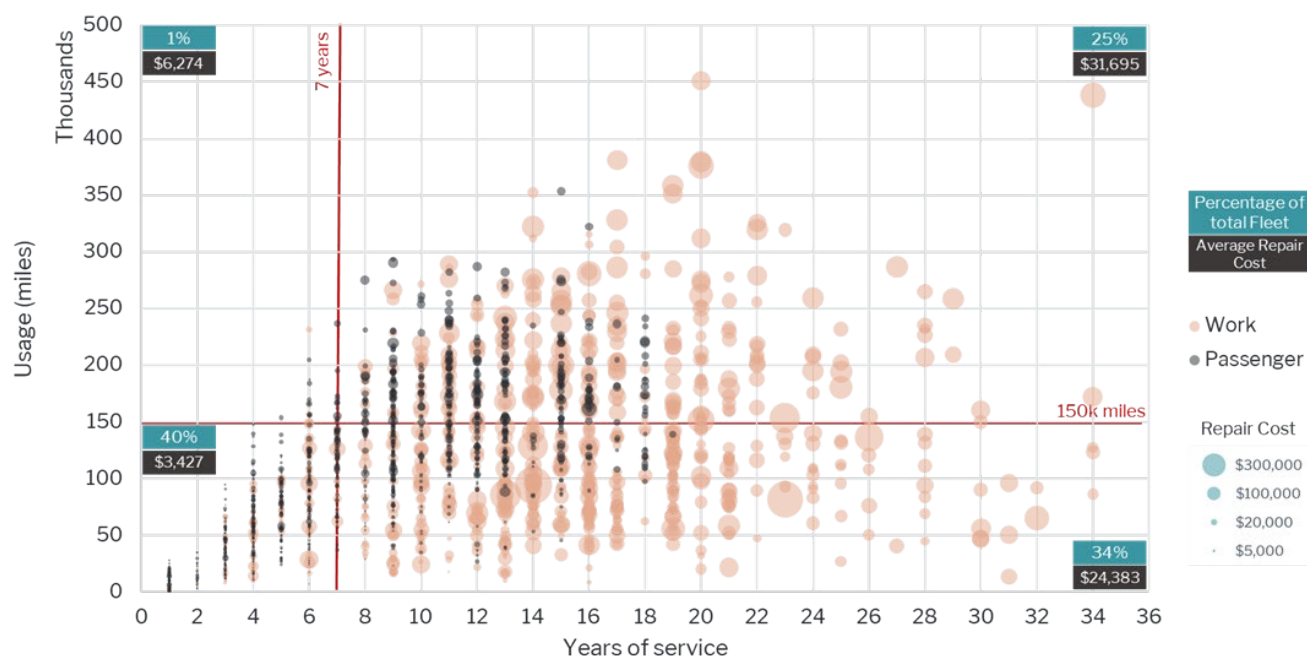
The figure presents the distribution of MDOT's current fleet based on age and miles driven. The figure also depicts lifetime repair costs, which range from $300,000 to less than $5,000, as represented by the relative size of the data points. The red lines visualize the replacement threshold set by the State, dividing the chart into four quadrants. The upper right quadrant represents those vehicles that currently exceed the replacement threshold (i.e., are older than 7 years and have more than 150,000 miles). As shown, the vehicles in this quadrant represent 25% of the total fleet and have, over their lifetime, incurred an average repair cost of over $31,000.

Key Takeaway: MDOT's fleet is aging. 25% of the fleet exceeds the 7-year, 150,000-mile threshold and would qualify for replacement. 34% of the fleet is more than 7 years old, but has less than 150,000 miles, suggesting that many older vehicles may be underutilized, while still accruing high lifetime repair costs (as reflected in the relative size of the data points).

9. Figure 6.2-2 also reveals differences in the average age and repair costs of the passenger and work vehicles in MDOT's fleet.

    a. On the whole, the passenger vehicle fleet is far younger than that of the work vehicles. Of the passenger vehicles, 52 percent were purchased within the last 7 years. In contrast, 72 percent of work vehicles were purchased more than 7 years ago.

    b. As could be expected given the differences in vehicle ages, the average lifetime repair cost for work vehicles ($32,177) is much higher than that of passenger vehicles ($5,194).

    c. These trends can be traced in part to fundamental differences in the makeup and function of the passenger and work vehicle fleets. In contrast to traditional passenger vehicles, work vehicles, which include dump trucks, tractors, aerial bucket trucks and similar specialty

equipment used for roadway repairs and routine maintenance (e.g., mowing operations), tend to:

- Have a much longer lifespan

- Incur less mileage (i.e., are used according to need not as a daily ride)

- Have larger acquisition costs (the average acquisition cost for work vehicles is $62,415 compared to $19,409 for passenger vehicles)

6.3　Utilization Analysis – Fleet Rightsizing

> 34% of MDOT's fleet is over 7 years of age, has less than 150,000 miles, and has incurred, on average, over $24,000 in lifetime repair costs.

1. As discussed above, MDOT's fleet includes a significant number of older vehicles that appear to be both underutilized and costly to maintain. With reference to Figure 6.2-2 above, 34 percent of MDOT's fleet is over 7 years of age, has less than 150,000 miles, and has incurred, on average, over $24,000 in lifetime repair costs.

2. Utilization is not the only metric by which the need for vehicles can be measured. Despite having low mileage, certain vehicles may be essential to MDOT's operations both as a highway maintenance provider and as a first responder in the event of an emergency. Nevertheless, underutilization, particularly of non-essential vehicles, represents a potential unnecessary drain to MDOT's resources (considering maintenance, operation, and future replacement costs).

3. This subsection therefore presents a high-level utilization analysis of first the non-commute fleet and then the commute fleet. (Note that this analysis is for illustration purposes only; MDOT should conduct a more rigorous utilization study to identify vehicles that could potentially be eliminated from the fleet.)

Utilization of Non-Commute Vehicles

4. Although no national standard exists for fleet utilization, guidance can be found in the criteria and metrics used by other organizations.

   a. Some federal agencies require a minimum utilization for sedan vehicles of 8,000 miles per year.

   b. The Commonwealth of Pennsylvania requires 6,000 miles per year for permanently assigned vehicles.

   c. Providing for a more nuanced assessment approach, Colorado DOT uses 50 percent of the average utilization for each class of vehicle as the minimum threshold.

5. Given the variety of vehicle classes with potentially different utilization rates in MDOT's fleet, HKA adopted the Colorado DOT approach to assess utilization (i.e., setting the minimum threshold at 50 percent of the average utilization for each vehicle class). Performing this assessment included the steps described below.

   a. First, the fleet data for fiscal year 2019 was reviewed to identify possible exceptions that could skew analysis results. For example, HKA excluded from the analysis:

- Vehicles that were acquired during the fiscal year 2019, as their usage will be much lower than the average

- Vehicles and equipment that are tracked based on operating hours, rather than mileage

b. Commuting vehicles were also excluded and are analyzed separately in the next subsection. This exception was made because the DFA's general guidelines for making purchasing decisions indicate commuting vehicles are used a minimum of 15,000 miles per year, which provides a more appropriate measure by which to assess the utilization of this portion of the fleet.

c. HKA then separated the remaining vehicles into 10 major categories, as identified in Table 6.3-1, and calculated the average utilization for each group for fiscal year 2019. The average mileage serves as an indication of the expected usage for that vehicle group during a typical year.

d. Next, any vehicle achieving less than 50 percent of the group average can be considered underutilized and a candidate for removal or repurposing. (It should be noted that a more detailed study would be needed to assess other factors that may also influence the removal/repurposing decision, including maintenance operations that may require multiple vehicles for traffic control; specialty vehicles required for specific roadwork operations that may not be readily available for lease when needed; and similar considerations.)

Table 6.3-1: Utilization by Vehicle Category
(MDOT Vehicle Cost and Usage Data for Fiscal Year 2019)

Vehicle Category	# of Vehicles	FY19 Avg. Usage (miles)	Threshold (50% below the avg.) (miles)	# of Vehicles below the threshold
Pickup Truck 1/2T or less	707	11,180	5,590	**127**
Dump Truck 8CY or less	245	7,147	3,574	**100**
Dump Truck 12CY or more	170	7,378	3,689	**50**
Pickup 3/4T or more	135	12,976	6,488	**26**
Tractor Trucks	61	9,545	4,773	**16**
Van	54	11,389	5,695	**14**
Utility Truck	39	14,217	7,108	**10**
Passenger Cars	59	8,772	4,386	**8**
Truck Flatbed	37	13,617	6,808	**8**
Truck Spreader	10	3,273	1,637	**6**
Total	**1517**			**365**

Key Takeaway: Almost a quarter (24%) of the 1,517 vehicles included in the analysis fell below the usage threshold (set at 50% of the average for each vehicle category) and could be considered underutilized.

6. As indicated in Table 6.3-1, 365 vehicles (or 24 percent) of the 1,517 included in the analysis fell below the usage threshold and could be considered underutilized.

7. As shown in Table 6.3-2 below, the acquisition cost of these underutilized vehicles was not insignificant, reaching over $13 million.

    a. Moving forward, MDOT should evaluate whether these vehicles should be kept (for essential or emergency services), repurposed, or disposed.

    b. If the underutilized vehicles below the 50% threshold were disposed, it could result in significant savings for MDOT in salvage value, avoidance of repair costs, and future replacement purchases.

    c. Additional potential savings, not accounted for in this analysis, include maintenance and operation costs.

Table 6.3-2: Average Acquisition Cost based on Vehicle Categories in MDOT Fleet
(MDOT Vehicle Cost and Usage Data for Fiscal Year 2019)

Vehicle Category	Vehicles below the threshold	Average Acquisition Cost	Total Acquisition Cost Per Group
Pickup Truck 1/2T or less	127	$16,190	**$2,056,114**
Dump Truck 8CY or less	100	$48,489	**$4,848,940**
Dump Truck 12CY or more	50	$67,946	**$3,397,312**
Pickup 3/4T or more	26	$23,756	**$617,655**
Tractor Trucks	16	$69,547	**$1,112,754**
Van	14	$57,147	**$800,052**
Utility Truck	10	$23,860	**$238,602**
Passenger Cars	8	$19,389	**$155,111**
Truck Flatbed	8	$36,861	**$294,889**
Truck Spreader	6	$42,863	**$257,176**
Grand Total	**365**		**$13,778,605**

Key Takeaway: A significant percentage of vehicles in various categories (365 in total) are underutilized based on being 50% below the average mileage for each category. MDOT can potentially reduce the number of vehicles, repurpose them into pooled vehicles, and save on acquisitions. If MDOT reduced the number of underutilized vehicles, it could potentially save up to $14 million in future acquisitions. MDOT should conduct a more rigorous utilization study to identify those vehicles that can be eliminated from the fleet without impacting the Department's ability to carry out its core functions.

Utilization of Commute Vehicles

8. The above represents only a high-level analysis of potential savings that could stem from fleet rightsizing. MDOT should conduct a more rigorous analysis to first identify and account for essential vehicles that cannot be eliminated or leased (i.e., those needed for MDOT to carry out its normal workload and to serve as a first responder in the event of an emergency) and then dispose of (and not replace) low use, non-essential vehicles.

9. In contrast to the non-commute vehicles evaluated above, commute vehicles can be assessed against the utilization threshold established in the DFA Fleet Manual.

   a. General guidelines offered by DFA in the purchasing decision section of the Fleet Manual indicate that commute vehicles should be used a minimum of 15,000 miles annually. As stated in the DFA's manual,

      In most cases, it is not financially wise to purchase a vehicle for an agency that does not expect to use the vehicle 15,000 miles or more annually for agency business purposes.

   b. In fiscal year 2019, a total of 191 assigned commute vehicles were included in MDOT's fleet, excluding vehicles that were acquired during fiscal year 2019, as their usage is much lower than the average and could skew results.

   c. As shown in Figure 6.3-1, 38 of these 191 vehicles (or almost 20 percent of the commute vehicle category) did not meet the annual mileage guideline offered by DFA. Consequently, MDOT should consider potentially reassigning these vehicles to the non-commute fleet (i.e., the motor pool), leading to savings over time by not purchasing replacement vehicles. The total acquisition cost for these 38 vehicles was $895,441.

> In FY2019, almost 20% of the commute vehicle fleet did not meet the general guidelines offered by DFA.

Figure 6.3-1: Distribution of 191 Commute Vehicles in MDOT Fleet
(MDOT Vehicle Cost and Usage Data for Fiscal Year 2019)
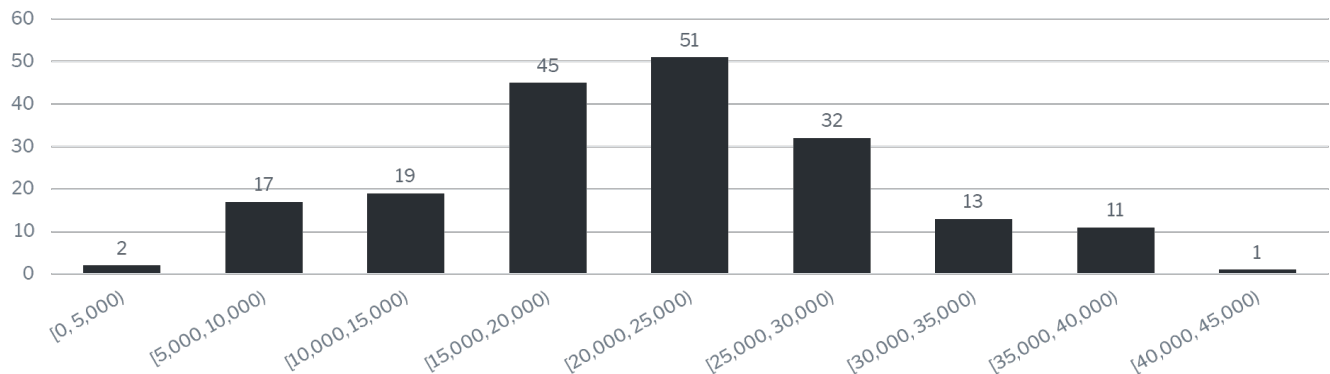
Key Takeaway: Almost 20 percent of the commute vehicles (38 out of 191) are underutilized based on the annual usage guidance provided by DFA (15,000 miles). Stricter adherence to the DFA guideline would allow MDOT to reassign such vehicles to the motor pool, leading to savings over time by not purchasing replacement vehicles.

6.4   Optimal Replacement Strategy

1. Given the importance of having a reliable fleet to maintain the state highway system and the relatively large investment associated with such fleets, many DOTs have adopted replacement strategies that optimize the cost of ownership (including costs to acquire, operate, maintain, and replace the fleet) over time.

> This section evaluates the savings MDOT could obtain if allowed to adopt a more optimal fleet replacement strategy.

a. The goal is to apply a data-driven asset management approach to fleet purchases that:

- Reduces the average age of the fleet,
- Improves the efficiency of operations (cost/mile), and
- Maximizes the return on investment.

b. The savings derived from such an approach can then be applied to purchase newer vehicles to further optimize reliability and performance. Ancillary benefits include improved safety technology, fuel savings, reduced maintenance and repair expenditures, and lower insurance premiums.

Average Return on Investment

2. As stated previously, MDOT adheres to DFA's fleet replacement policy.

a. Under this policy, vehicles become eligible for replacement after reaching 7 years of service and 150,000 miles.

b. A vehicle must be disposed of, if replaced, within 90 days of each new acquisition (i.e., 1:1 acquisition to disposal requirement).

c. Agencies have some discretion to replace vehicles sooner if there are excessive maintenance and repair costs, or retain vehicles longer if maintenance and operating costs are unusually low.

3. Adherence to this policy has resulted in a skewed distribution of vehicles within MDOT's fleet towards older vehicles (average age of 9.8 years). Furthermore, this policy has also resulted in a poor return on investment, when considering the low salvage value of aged equipment.

a. As summarized in Table 6.4-1, in five years, from July 1, 2014 and June 30, 2019, MDOT disposed of a total of 686 vehicles with an average acquisition cost of $24,926.62 (for a total of $17,099,663) and an average disposal amount of $4,069.99 (for a total of $2,792,016).

b. This resulted in a relatively low total return on investment of approximately 18%.

Table 6.4-1: Average Fleet Acquisition and Disposal Costs
(MDOT Vehicle Acquisition and Disposal Data for FY15-FY19)

Vehicle Category	Disposed of Vehicles	Average Acquisition Cost	Average Disposal Amount	Average Odometer Mileage	Average Years in Service	Average % Return
Sedans	83	$18,131.44	$3,517.87	143,508	8.3	21%
Dump Trucks	66	$39,874.54	$6,404.00	193,231	18.9	15%
Pickup trucks	348	$14,959.68	$2,905.81	181,554	11.2	19%
Specialty Trucks	145	$43,567.11	$6,634.89	201,832	13.9	16%
SUVs	15	$24,878.14	$4,003.01	191,167	10.4	16%
Vans	29	$36,781.45	$1,518.74	132,195	9.4	6%
Grand Total	686	$24,926.62	$4,069.99	180,484	12.1	18%

Key Takeaway: MDOT's fleet replacement strategy is yielding a low return on investment.

4. As shown in Figure 6.4-1, over the last five years MDOT has disposed of a total of 686 vehicles while purchasing 692 vehicles. With further reference to Table 6.4-1 above,

   a. 51 percent of the disposed vehicles were pickup trucks, with an average of 11.2 years in service.

   b. Sedans were disposed of at an average age of 8.3 years and yielded the highest return on investment (salvage value) at 21 percent.

Figure 6.4-1: MDOT Vehicle Disposals and Purchases
(MDOT Vehicle Acquisition and Disposal Data for FY15-FY19)
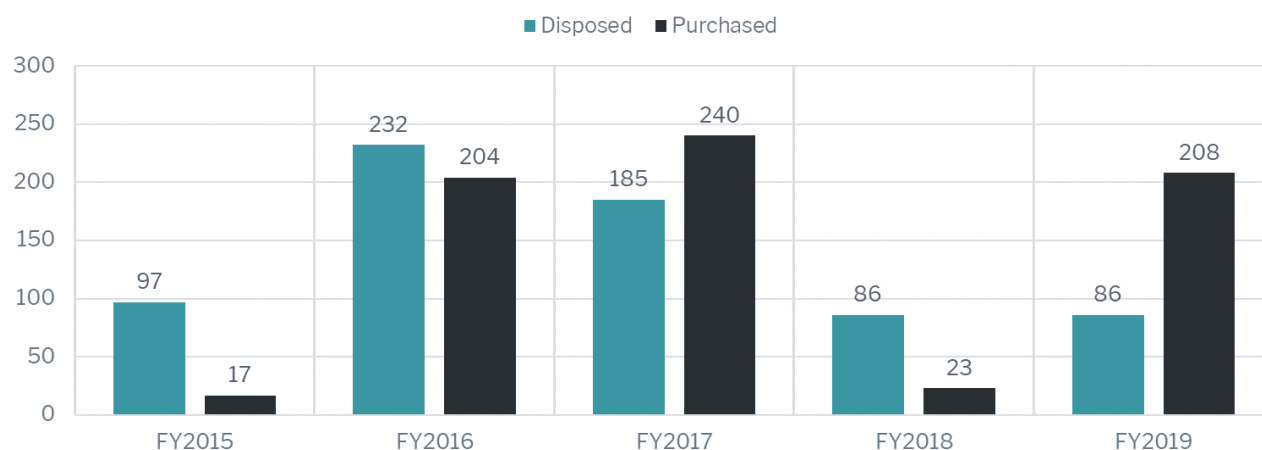
Key Takeaway: Over the last 5 years, MDOT has disposed of a total of 686 vehicles while purchasing 692 vehicles.

5. To provide more insight into MDOT's current replacement strategy, Table 6.4-2 summarizes MDOT's disposals and acquisitions during fiscal years 2015 to 2019. Comparing the type of vehicles disposed to the vehicles acquired, it appears that MDOT prioritized the purchase of passenger pickups and SUVs over sedans and vans, and dump trucks over specialty trucks.

Table 6.4-2:
Disposal/Acquisition Trends
by Vehicle Category
(MDOT Vehicle Acquisition and
Disposal Data for FY15-FY19)

Vehicle Category	Disposed	Acquired	Difference
Sedans	83	16	-67
Dump Trucks	66	89	+23
Pickup trucks	348	412	+64
Specialty Trucks	145	112	-33
SUVs	15	50	+35
Vans	29	13	-16
Grand Total	686	692	+6

6. Another approach to fleet optimization used by the City of Columbus (Ohio) Fleet Management Division is to tie vehicle replacements to a cost model that considers both maintenance and acquisition costs. As applied by the City of Columbus, if the lifetime maintenance costs exceed 50 percent of the vehicle acquisition costs, the vehicle is a candidate for replacement.

   a. A similar cost model can be generated for MDOT's fleet, by taking the lifetime maintenance cost for each vehicle (as calculated by adding the total repair and preventative maintenance costs) and dividing by the acquisition cost of each vehicle.

   b. The resulting ratio of maintenance to acquisition costs can be used to establish a more rational replacement policy. For example,

      • A ratio of 0.5:1 means that maintenance costs have reached 50 percent of the initial acquisition cost (similar to the threshold set by the City of Columbus).

      • A ratio of over 1:1 means that maintenance costs have exceeded the initial acquisition cost.

   c. As shown in Figure 6.4-2, 46 percent of the fleet, or 1,040 vehicles, exceed the 0.5 threshold. Of these, 543 vehicles (or 24 percent of the current fleet) exceed the 1:1 ratio, meaning that MDOT has paid more to maintain these vehicles than it did to originally purchase them. This is another indication that MDOT's fleet is aging and vehicles with relatively high maintenance costs should be evaluated for replacement based on a more rational replacement schedule.

Figure 6.4-2: Distribution of Ratio of Lifetime Maintenance Costs to Acquisition Cost
(MDOT Vehicle Data as of November 2019)
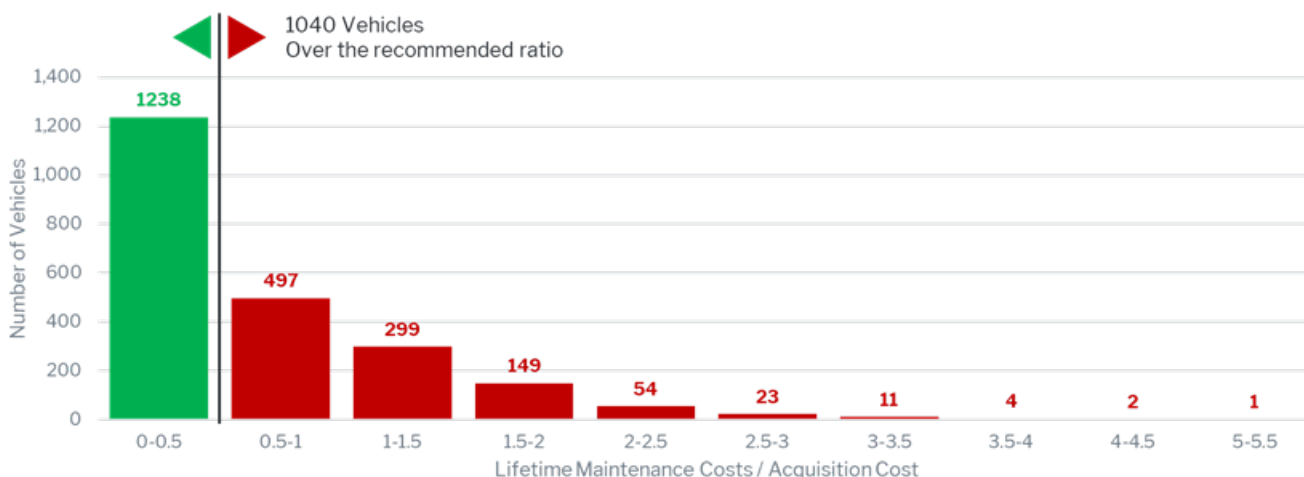
Key Takeaway: 1,040 vehicles in MDOT's current fleet have lifetime maintenance costs that exceed half of their initial purchase price. 543 vehicles (or 24 percent of the current fleet) exceed the 1:1 ratio, meaning that MDOT has paid more to maintain these vehicles than it did to originally purchase them. This is another indication that MDOT's fleet is aging and vehicles with relatively high maintenance costs should be evaluated for replacement based on a rational replacement schedule.

7. Alabama Department of Transportation's (ADOT) Equipment Bureau has implemented a Comprehensive Equipment Management System (CEMS) designed to replace vehicles at optimal thresholds to maximize the salvage value of the vehicle. The system is designed to pay for itself in the sense that the resale value covers most of the purchase price of the replacement vehicles.

   a. The ADOT CEMS tracks data elements, such as fuel purchases, equipment mileage, monthly equipment usage, and maintenance histories. The historical data allows ADOT to:

      • Establish estimated utilization rates for equipment

      • Identify when maintenance and operating costs begin to peak compared to the salvage value, and

      • Select the optimal replacement schedule.

   b. ADOT uses a standard unit of usage depreciation rate adjusted annually to determine salvage values and can identify underutilized equipment and schedule fleet units for replacement at usage levels that maximize resale values.

8. As noted above, MDOT's fleet is relatively old. Almost 50 percent of the MDOT fleet consists of pickup trucks with an average age of 11.2 years. An analysis of a small sample of MDOT's pickup fleet was undertaken to determine the potential savings that could be realized if MDOT's vehicles were replaced at a more optimal 5-year replacement schedule (similar to ADOT) as compared to a 10-year

Replacement Strategy

ADOT's optimal replacement schedule for a ½ ton pickup is 55k miles or 5 years, yielding a return of 85%, much higher than the 19% return for pickup trucks in the MDOT fleet.

replacement cycle that is closer to the average age of the pickups in MDOT's current fleet.

   a.   If MDOT were to replace its vehicles on a 5-year schedule (similar to ADOT), the expected mileage on such vehicles would be approximately 75,000 at the time of replacement (assuming 15,000 miles are driven each year).

   b.   In contrast, the expected mileage on a fleet of 10-year old pickups, assuming the same annual usage of 15,000 miles, would be 150,000 miles.

   c.   Looking at a small sample of pickup trucks within MDOT's current fleet, the assumed 5-year (75,000) and 10-year (150,000) expected mileage targets can be used to identify and compare the average lifetime repair, preventative maintenance, and acquisition costs associated with these two different replacement policies (i.e., replacement after 5 years vs. replacement after 10).

   d.   As shown in Table 6.4-3, the average lifetime repair cost of vehicles falling into the 5-year replacement category is $2,653 versus $9,250 in the 10-year category. Similarly, preventative maintenance costs for the 5-year and 10-year categories are $1,377 and $4,871, respectively.

Table 6.4-3: Comparison of Lifetime Repair and Maintenance Costs for a 5-Year vs. a 10-Year Replacement Schedule
(Sample of 16 MDOT Light Duty Pickups in MDOT Fleet as of November 2019)

Property ID	Odometer Reading	Acquisition Cost	Repair Cost	Preventive Maintenance Cost
Vehicles included in the assumed 5-Year Replacement Schedule				
9000860	73,607	$ 16,983	$ 1,172	$ 1,543
9000808	74,290	$ 16,589	$ 2,449	$ 907
9000510	76,482	$ 14,787	$ 3,680	$ 2,041
9000622	77,186	$ 15,078	$ 3,407	$ 1,155
9000715	77,879	$ 16,064	$ 2,559	$ 1,238
Average	75,889	$ 15,900	$ 2,653	$ 1,377

Property ID	Odometer Reading	Acquisition Cost	Repair Cost	Preventive Maintenance Cost
Vehicles included in the assumed 10-Year Replacement Schedule				
9000944	147,888	$ 20,332	$ 2,549	$ 2,001
9000126	148,727	$ 14,464	$ 10,066	$ 2,499
9000196	148,736	$ 16,715	$ 4,064	$ 1,856
9000080	148,843	$ 20,281	$ 4,911	$ 2,319
9000262	148,869	$ 13,638	$ 4,719	$ 4,593
9000478	149,220	$ 17,687	$ 2,752	$ 2,898
9000446	149,860	$ 16,353	$ 13,144	$ 9,802
9000047	150,671	$ 14,215	$ 6,460	$ 5,218
9000144	150,915	$ 14,667	$ 26,063	$ 12,021
9000039	152,832	$ 13,924	$ 23,330	$ 5,867
9000179	152,945	$ 16,756	$ 3,694	$ 4,511
Average	149,955	$ 16,276	$ 9,250	$ 4,871

Key Takeaway: Not replacing vehicles on an optimal schedule leads to higher lifetime repair and preventative maintenance costs per vehicle.

e. As further summarized in Table 6.4-4, replacing vehicles sooner (i.e., on a 5-year schedule rather than 10) would result in savings in repair and preventative maintenance costs of roughly $10,000 per vehicle.

Table 6.4-4: Relative Savings per Vehicle by Replacing Vehicles at Five Years
(Sample of 16 MDOT Light Duty Pickups in MDOT Fleet as of November 2019)

Vehicles in MDOT's fleet would accrue lower repair and maintenance costs if replaced on a 5-year schedule, generating potential savings of $10,000 per vehicle.

Cost Category	5-Year Replacement Schedule	10-Year Replacement Schedule	Savings
Average Repair Cost	$2,653.28	$9,250.21	$6,596.93
Average Preventive Maintenance Cost	$1,376.76	$4,871.51	$3,494.75
Total Savings			**$10,091.68**

f. A more optimal replacement schedule should also allow MDOT to avoid excessive depreciation in asset value and thus achieve a higher return on investment upon disposal or resale. As illustrated in Figure 6.4-3, which projects a depreciation loss of 20 percent of the initial acquisition cost in the first year and 15 percent each year thereafter, the expected asset value at the time of replacement for the five-year sample is $6,640 vs. $3,016 for the 10-year sample. This suggests that MDOT could avoid $3,624 in additional asset depreciation per vehicle if a more rational replacement policy were implemented.

Figure 6.4-3: Comparison of Depreciation for 5-Year and 10-Year Replacement Schedules
(Sample of 16 MDOT Light Duty Pickups in MDOT Fleet as of November 2019)
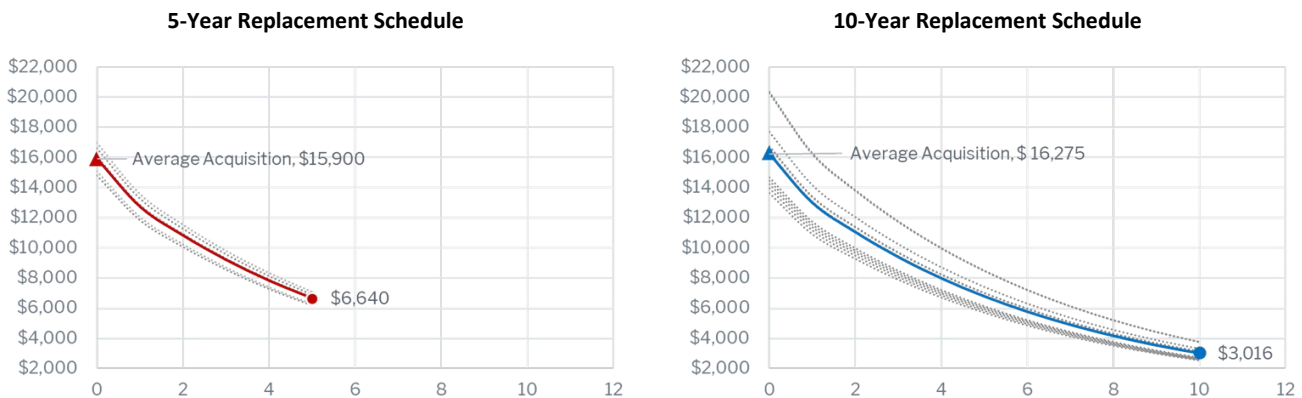
Key Takeaway: Assuming a depreciation loss of 20 percent of the initial acquisition cost in the first year and 15 percent each year thereafter, the expected asset value at the time of replacement for the five-year sample is $6,640 vs. $3,016 for the 10-year sample. This suggests that implementation of a more rational replacement policy would allow MDOT to avoid $3,624 in additional asset depreciation per vehicle.

g. Considering the savings in repair and maintenance costs identified in Table 6.4-4 of $10,091, coupled with avoiding the additional reductions in asset value of $3,624, as illustrated in Figure 6.4-3, the total potential savings that would have resulted by replacing the 11 vehicles in the 10-year sample at the 5-year mark would have been $13,715 per vehicle.

9. The analysis above considers just a small sample of the pickups included in MDOT's current fleet.

a. The total number of pickups in MDOT's current inventory that exceed the 10-year (150,000 miles) target is 307.

b. Applying the potential savings of $13,715 per vehicle (as calculated above) to this portion of the pick-up fleet, results in total savings of $4,210,505 (307 x $13,715 = $4,210,505).

c. If this $4.2 million were applied to acquire new pickups, approximately 280 new vehicles could be acquired based on the average MDOT acquisition cost for pickups between FY 2015-FY2019 of $14,959.

10. Based on this analysis, HKA recommends that MDOT use an asset management approach to evaluate the entire fleet, with a goal of reducing the overall age of the fleet, particularly for vehicles classes with large inventories. The program could be phased in incrementally over a 3 to 4-year period by investing in new vehicles combined with reducing older underutilized vehicles. Benefits of pursuing such an approach would include a better return on fleet investment, improved reliability, and reduced maintenance and operating costs.

6.5   Analysis of Fleet Maintenance Staffing

1. Eliminating extremely underutilized vehicles and reducing the age of the fleet, as recommended in Sections 6.3 and 6.4 above, should reduce operating expenses (considering fuel, preventative maintenance, and repairs costs).

2. Reducing the fleet should also result in a corresponding decrease in the labor (number of mechanics) necessary to maintain the fleet.

3. MDOT's current in-house fleet maintenance staff includes 80 employees (with the title "Equipment Repairer") across six Districts covering approximately 2,278 vehicles, 633 pieces of heavy equipment, and 630 tractors. This equates to a mechanic-to-vehicle ratio of roughly 1:44 (3,541 ÷ 80 = 44.3), meaning that one mechanic is available to service and maintain every 44 vehicles/equipment.

4. As a general guideline for fleet maintenance staffing, the National Fleet Management Association (NFMA) recommends a ratio of between 1:60 and 1:100 mechanics per unit.

5. MDOT's 80 mechanics likely assume secondary responsibilities unrelated to fleet maintenance. However, comparison of MDOT's mechanic-to-vehicle ratio (1:44) to that recommended by NFMA (1:60 to 1:100) suggests that MDOT may have more mechanics than needed.

   a. It is important to note, however, that the NFMA benchmark must be considered in the context of the condition, age, and diversity of the fleet (i.e. varying types and classes of equipment).

   b. It is reasonable to assume that more effort would be needed to maintain a diverse and older fleet spread across multiple locations, such as that managed by MDOT, than a standard passenger vehicle fleet maintained in a centralized location.

   c. Furthermore, as the fleet transitions to newer computerized high-tech vehicles, further investment in staff may be needed to keep mechanics current with the advances in technology.

To implement a more rational asset management approach to its fleet, MDOT would likely have to obtain an exemption from DFA's 7-year and 150,000-mile replacement policy. Benefits of pursuing such an approach would include:

- Better return on fleet investment,
- Improved reliability,
- Reduced maintenance and operating costs.

A reduction in the number of vehicles in the fleet should lead to a corresponding reduction in the labor needed to maintain the fleet.

Reducing the number of mechanics by 20% would lead to projected savings of over $600,000 annually.

6. Assuming MDOT's current 1:44 mechanic-to-vehicle ratio is therefore in line with the needs of its aging fleet, reductions in the number of vehicles in the fleet should lead to corresponding reductions in fleet maintenance staff.

   a. For example, a 20 percent reduction in vehicles could potentially call for up to a 20 percent reduction in fleet mechanics (or up to 16 fewer staff members). (A more detailed study is needed to account for time spent by mechanics on secondary responsibilities unrelated to the fleet.)

   b. Based on salary data provided by MDOT, the average annual cost for a fleet mechanic is $42,900 (average salary of $33,000 plus benefits). The potential projected savings would thus be $686,400 annually (16 mechanics x $42,900).

7. A more accurate method to assess staffing levels would be to convert the workload in each maintenance shop into maintenance repair units based on the specific vehicle types or classes, as measured against a baseline vehicle such as a passenger car. For example, a paving machine may require 3 times the level of effort to maintain than a typical sedan. Such an analysis would allow for more informed and transparent decision-making regarding how the composition and age of the fleet impacts staffing needs.

8. Leasing options present another future consideration in the analysis of the appropriate number of fleet maintenance staff.

   a. MDOT has piloted leasing options for certain types of standard equipment and operations (e.g., tractors used for mowing).

   b. If MDOT chooses to implement a longer-term leasing strategy, it should also consider transitioning to third-party fleet management services that cover leasing, fuel, maintenance, and accident and collision coverage for specific equipment and maintenance activities.

   c. MDOT could use this strategy to potentially make further reductions to in-house maintenance staff and to avoid the additional costs for technical training of in-house staff.

6.6 Other Optimization and Cost Reduction Strategies

Leasing or Renting

1. Other agencies have implemented different leasing strategies, including leasing compact sedans compared to larger passenger vehicles and entering into a favorable master lease agreement or lease purchase agreement using tax exempt financing where the cost of leasing was favorable compared to financed equipment purchases or mileage reimbursements.

2. To explore such options, MDOT engaged a consulting firm, Dye Management, to evaluate and make recommendations regarding vehicle and equipment rental and leasing as an option to reduce fleet size, save on purchasing and ownership costs, and operate as a reserve resource.

3. Based on the recommendations in the resulting 2013 Dye Management report, MDOT implemented trial equipment rental contracts for tractors during the mowing season in specific Districts. However, according to MDOT District staff, given the limited capacity of the rental industry in Mississippi, it may not be feasible to expand this trial program to other Districts.

4. MDOT has also used rental contracts for specialty equipment (e.g., heavy road working equipment, bucket trucks, mini-excavators), and increased the equipment rental vendor list.

5. Moving forward, when analyzing the need for future purchases, MDOT should consider rental or lease options to supplement the fleet when needed, particularly for specialty equipment (which tend to have high purchase prices) or periods of unusually high workloads.

6. If MDOT were to increase the percentage of vehicle rentals, it should first determine the minimum number of vehicles and equipment classes to cover both normal and emergency operations.

7. Within the last decade, implementation of GPS (Global Positioning System) tracking has made fleet management much more efficient. With the use of telematics, agencies can get accurate data on driver behavior, overall vehicle performance, historical route data, idling and fuel usage, equipment diagnostics, and emergency response. It is a powerful tool that promotes transparency and accountability, and can potentially lead to reduced mileage, lower repair costs, decreased fuel consumption, and other benefits.

Use of GPS

8. In Spring 2017, MDOT began installing GPS devices on all fleet vehicles.

    a. MDOT is now able to track among other things, idle time, speed alerts, harsh cornering, harsh braking, rapid acceleration, and similar information, and track if the issue occurred during working hours or not.

    b. Additionally, the system gives the Department a near real time view of all the asset locations, which vastly increases response times during an emergency by being able to quickly assign the nearest unit.

> Alabama DOT determined that deployment of GPS reduced fuel costs and mileage, saving the Department approximately $1.4 million per year.
>
> Iowa DOT analysis of GPS Implementation calculated a benefit – cost ratio of 6.4 to 1.

9. Three years into this initiative, MDOT seems to be very satisfied with the use of the GPS system.

    a. MDOT is now able to quickly address any public complaints regarding speeding and dangerous driving, and on some occasions, has disciplined or terminated employees based on information provided by the system.

    b. MDOT did not internally track metrics around fuel usage and miles driven before and after implementation; however, District staff believe that fuel usage and miles driven appear to have fallen since implementation. Although MDOT could provide only anecdotal evidence in support of this conclusion, it is consistent with national statistics, which have shown that implementation of GPS systems for average vehicles can realize a fuel savings of between 10% and 30% per year. Considering MDOT's typical annual fuel expenditures of $4.5 million, and conservatively assuming 10 percent fuel savings due to GPS implementation, MDOT is likely saving upwards of $450,000 annually.

10. Implementation of GPS provides MDOT with opportunities to introduce additional efficiencies into its operations.

a. Currently, the Central Office maintains a largely hands-off approach, and the use of the system is dependent on individual Districts.

b. The Central Office should establish metrics and controls to be used across all Districts, and leverage the resulting information provided by the system to track underutilized vehicles and vehicle usage patterns across Districts.

c. By using GPS data more fully and systematically, MDOT can realize additional savings related to fewer miles traveled, more efficient route planning, better driving behavior, fewer accidents, and lower insurance premiums.

Fleet Standardization

Standardization can bring savings in life-cycle maintenance, parts, and training. When purchasing new vehicles, it is important to consider these total life-cycle costs savings when comparing the price of a standard model with any new model.

11. DOT fleets must deal with a wide variety of vehicle classes and equipment types, between passenger cars and medium-duty trucks, heavy-duty trucks, and off-road equipment.

a. With different makes and models for each type of asset, maintaining the assets and their parts is a significant challenge.

b. Fleet managers are combatting this problem through standardization. By narrowing fleet operations to a few standard vehicle types or critical components, fleets can increase efficiency and save money on inventory, training, and repairs.

c. Adherence to purchasing policies presents a common barrier to the standardization of DOT fleets. In some cases, fleets can find the lowest price for their standard models through state or cooperative contracts, but for others competition requirements based on the lowest initial purchase price control the purchasing decision. Also, some specialty vehicles and equipment are difficult to standardize.

12. To evaluate the level of standardization within MDOT's fleet, Table 6.6-1 presents the current distribution of vehicle makes and types.

Table 6.6-1: Fleet Distribution by Manufacturer and Vehicle Type
(MDOT Vehicle Data as of November 2019)

Manufacturer	Pickup Truck	Specialty Truck	Dump Truck	SUV	Sedan	Van	Grand Total
Ford	672	179	64	57	14	15	**1001**
International		141	302				**443**
Dodge	262	58	13	2	3	23	**361**
Chevrolet	75	33	49	32	49	20	**258**
GMC	108	12	1				**121**
Western Star Trucks		9	31				**40**
Freightliner		29	4				**33**
Nissan	3			5			**8**
Other Specialty*		10*		3			**13**
Grand Total	1120	471	464	99	66	58	**2278**
Vehicle Makes:	5	14	7	5	3	3	
*Note: 7 different manufacturers							

Key Takeaway: MDOT uses 15 different manufacturers to cover their fleet needs, with at least three different manufacturers used in every vehicle category.

13. As shown, MDOT uses 15 different manufacturers to cover their fleet needs. Specialty trucks have the largest number of manufacturers with 14, due to the unique purpose of each vehicle (e.g. tractors, cranes, etc.). Pickup trucks, which comprise about half of MDOT's fleet, were purchased from five different manufacturers, with Ford making up more than half of the 1,120 pickups. At least three different manufacturers are used in every vehicle category.

14. Moving towards standardization of the categories with the largest inventory in MDOT's fleet (i.e. pickups, specialty trucks, and dump trucks) would help save on parts, preventative maintenance and repairs, and streamline mechanic training. Standardization could also reduce the number of diagnostic and specialty tools needed, reduce the Original Equipment Manufacturer (OEM) parts inventory, reduce down time, and simplify purchasing. Standardization could be phased in over time by focusing on one vehicle category at a time, establishing multi-year procurement and maintenance agreements, or developing bid specifications based on specific performance criteria.

6.7 Summary

HKA's analysis of the MDOT fleet has identified opportunities for significant cost savings or areas for potential improvements in fleet management consistent with national practices and initiatives implemented by other DOTs.

The recommendations below are based on a representative sample of MDOT's fleet data. **MDOT would need to conduct a more complete and in-depth asset management**

analysis of the fleet to test the recommendations and assess the extent of potential cost savings.

Recommendations	Potential Benefit
1. Take incremental steps to eliminate vehicles from the fleet that are consistently less than 50% of the average utilization for major vehicle categories (excluding vehicles used for emergency response or repairs).	$13.8M in projected savings
2. Eliminate underutilized commuting vehicles (< 15,000 miles/year) and repurpose to non-commute assignments.	$895K in projected savings
3. Implement an optimal replacement strategy for major categories of vehicles and equipment in the fleet (both on-road and off-road) with goal of reducing the overall age of the fleet and maximizing the salvage value that can be applied to future purchases. (Note that implementing this recommendation would require an exemption from State policy.)	$4.2M in projected savings (Pick-up fleet >150kmiles)
4. Right-size in-house vehicle maintenance staffing in proportion to a reduction in fleet inventory, increased use of leasing agreements with outsourced maintenance, or increased standardization.	Projected savings of up to $686K per year
5. Continue to use trial equipment rental contracts for mowing or leasing for specialty vehicles or equipment where financing terms are favorable, and costs are lower compared to equipment or vehicle purchases or mileage reimbursements.	Lowering operating costs
6. Develop a consistent set of metrics around GPS (e.g., location, idle time, speeding, harsh braking/accelerating, mpg, etc.) and standard policies governing GPS across all Districts to maximize the benefits and leverage the data to track vehicle usage patterns or identify underutilized vehicles.	Better governance and maximization of GPS benefits
7. Incrementally move towards standardizing the vehicle and equipment fleet to realize savings on parts, maintenance and repairs, training and necessary skills, and minimize down time. (Note that implementing this recommendation would require an exemption from State policy.)	Lower operating costs

7. MDOT's Local Public Agency Program

7.1 Introduction

Local Public Agencies (LPA) in Mississippi have raised concerns regarding MDOT's oversight of their Federal-aid projects, perceiving MDOT's involvement as contributing to cost increases and schedule delays. Among the questions that were raised:

- Are the perceived additional costs and schedule impacts attributable to preferential policies on the part of MDOT, or is MDOT merely implementing Federal requirements?

- To the extent that FHWA allows for flexibility in a DOT's oversight of LPA projects, do opportunities exist for MDOT to streamline its processes?

To answer these and other questions the audit team interviewed the MDOT coordinator for the LPA program, as well as representatives from:

- Various LPAs in Mississippi
- US DOT, Federal Highway Administration (FHWA) Headquarters Office
- FHWA Mississippi Division Office
- Roadway contractors who have performed both DOT and LPA work

Section 7.2 summarizes the issues raised by local agencies and industry regarding MDOT's administration of LPA projects and comparative costs of Federally and locally funded LPA projects. Section 7.3 then addresses MDOT's policies regarding the program and FHWA perspectives on MDOT's LPA oversight and management. The chapter concludes with a summary of potential recommendations and strategies to save costs and resources related to the administration of LPA projects.

Overview

This chapter assesses MDOT's LPA Program to identify any potential enhancements or savings through:

- Streamlining LPA project development
- LPA discretion on use of federal funds
- LPA Self-certification
- Risk-based approach to oversight and acceptance of work

Chapter Highlights

Area of Inquiry	How is MDOT performing?	Key Observations	Recommendations
DOT Oversight of LPA Projects	■	• MDOT strictly follows FHWA guidelines for state stewardship and oversight of LPA projects, and has well-developed manuals and guidance governing the oversight of federally funded LPA projects. • Despite MDOT's adherence to FHWA requirements, LPAs expressed frustration with MDOT's policies and oversight, perceiving that they cause delays in project execution and lead to higher costs.	• MDOT should assess whether it needs to increase its internal LPA project development resources to meet the demand for timely project development and concurrence reviews. Alternatively, such reviews could be outsourced to others within MDOT or to consultants. • MDOT should consider implementing more robust certification programs that would reduce MDOT oversight and allow certified LPAs to: 　– Use approved local standards and specifications 　– Practice greater discretion regarding the use of federal funds

▲	MDOT meets or exceeds industry leading practices
●	Potential for improvement
■	Policy or market condition largely out of MDOT's control

7.2   Local Public Agency and Industry Perspectives

1. LPA projects using federal aid funding are subject to stewardship and contract administration by MDOT.

2. Local agencies in Mississippi have raised several issues related to MDOT's administration of LPA projects that use federal-aid funding.

    a. These agencies perceive that the level of oversight and review by MDOT as FHWA's steward of federal funds results in:

        *   Excessive paperwork
        *   Additional engineering fees
        *   Duplication of effort
        *   Delays and added costs to deliver the project in comparison to locally funded projects.

    b. LPAs claim that in some cases MDOT administered projects are 30 to 40 percent higher in cost and take four times longer than locally funded projects, which affects available taxpayer funding for future projects.

3. By way of example, the City of Ridgeland provided several comparisons demonstrating the cost and delivery time differences between locally and federally funded projects. The audit team did not independently verify such information but provides a sampling below to convey the type of concerns raised by LPAs.

    a. The City of Ridgeland provided an example of a 100% city-funded street rehabilitation project that despite starting out as a federal aid LPA funded project was ultimately completed as a city-funded project.

    > **LPA FUNDED STREET REHABILITATION**
    > *EXAMPLE = HIGHLAND COLONY PARKWAY REHABILITATION PROJECT*
    > *   MDOT Managed Procurement
    > *   2014 – 2019
    > *   Project consists of re-surfacing 2,000-feet of asphalt pavement.
    > * $45,000.00 spent on in-house Engineering
    > *   3 separate MDOT-managed bid openings were held with low bids amounts of $946,186.20, $810,760.00, & $589,728.00.
    > *   On January 4, 2019, the City of Ridgeland returned $215,000 in Federal STBG funding after rejecting bids received from the project's 3rd bid opening. The Bids exceeded the budgeted funds and the bid prices were higher than reasonable. The City of Ridgeland decided it was in our best interest to complete this work using our City forces and term bid contractors without the use of Federal funds.
    > *   Construction began on June 17, 2019 and the paving was substantially complete in 1-week at a total project cost of $365,000.00.
    > *   The project was completed at a cost $580,000.00 less than the low bid received under the MDOT managed bid package.

    b. The City indicated that the 2000-foot project was completed in a week and saved the taxpayers $366,000 after the City spent five years in the

MDOT LPA project development process. The City further stated that under its Purchase Order procurements, it spent approximately an average of $238,000 per mile on city-funded street rehabilitations from 2014 to 2019.

c. The City provided further comparisons of LPA projects administered by MDOT versus City funded projects. The Highland Colony Parkway project ($1,006,331 for .38 miles of pavement resurfacing) was compared to a city funded project – East County Line Road Rehabilitation of similar size ($1,153,063 for .51 miles of resurfacing).

d. This comparison indicated that pre-construction and engineering for the MDOT administered federally funded Highland Colony Parkway LPA project took more than eight times longer to complete preconstruction than the City funded East County Line project for a similar scope (i.e., 1262 days/150 days = 8.4). The procurement process was two times longer, and closeout was six times longer.

e. According to the City records, a significant part of the excessive time for preconstruction on the federally funded LPA project was for MDOT review/approval of the plans, issuance of a Memorandum of Understanding (MOU), approval for advertisement by the LPA, and review/concurrence of the construction engineering and inspection (CE&I) contract.

4. Such criticisms of the LPA program are not unique to Mississippi. Input from LPAs outside of Mississippi confirm that the use of federal-aid funding for LPA projects creates an additional layer of oversight, costs, and extended delivery time that in some cases is significant enough to dissuade some local agencies from using federal-aid on LPA projects except when there is no other practical alternative to deliver a project.

5. Input from both in-state and out-of-state contractors revealed that an increased level of risk may contribute to higher bids and costs for federal-aid contracts. From the contractors' perspective, the level of risk (and associated bid pricing) is lower for LPA jobs for the following reasons:

a. City and county projects typically use less rigorous standards and specifications related to design documents, procurement, contract administration, and documentation.

b. Decision-making is faster due to fewer levels of oversight and more ready access to decision makers.

c. The use of more economic and readily available materials, or recycled materials, results in the optimization of local funds for the purchase of materials, provided they do not compromise the quality and performance of the work.

d. Product certifications and material testing requirements for local projects are not as rigorous as those for federal-aid project allowing for the use of more local producers.

e. LPA projects may be exempt from federal aid requirements related to federal or state design standards (e.g., lane widths, materials testing

requirements), prevailing wages and disadvantaged business requirements, environmental compliance, CE&I, traffic control, documentation for quality and payment, and other reporting requirements that increase costs.

7.3   MDOT LPA Program and FHWA Perspectives

> The MDOT LPA program is in strict conformance with FHWA guidelines for stewardship and oversight of federally funded LPA projects.

1. MDOT's LPA program coordinator indicated that MDOT administers the program in strict accordance with FHWA guidelines for stewardship and oversight of federal aid projects administered by LPAs.[7]

    a. The MDOT LPA coordinator noted that FHWA guidelines require that MDOT provide a higher level of oversight than just monitoring federal funding. MDOT's LPA Project Development Manual (PDM) includes detailed requirements related to MDOT responsibilities for oversight and approvals related to project activation, environmental assessments, Right-of-Way procedures, preparation of the plans, specifications, and estimate (PS&E) package , and MDOT authorization and LPA selection of contractor.

    b. During construction, MDOT LPA Engineers conduct periodic site visits, inspect the work, review invoices, and review project documentation. MDOT contract administration oversight also includes selection and management of the CE&I consultant, sign off on monthly progress payment estimates, review and approvals of Supplemental Agreements, oversight of material testing and acceptance of the work, monitoring compliance with federal requirements, and approvals for final acceptance and releases.

    c. MDOT indicated that it certifies LPAs consistent with industry practice, with required one-day training to renew the certification every two years.

    d. MDOT is conducting an internal study addressing risk-based inspection and testing requirements for LPA projects, suggesting that it is interested in implementing strategies to optimize CE&I and testing on LPA projects.

> FHWA requirements for State DOT stewardship and oversight of federally funded LPA projects entail:
>
> - Establishing formal State policy and procedures
> - Approving or certifying LPAs for participation in the federal aid program
> - Providing oversight of LPA projects
> - Reimbursing LPAs of approved expenditures

2. The FHWA Mississippi Division Administrator indicated that the LPA program was revamped to address all the federal requirements related to the effective oversight of federally funded LPA projects and FHWA is very supportive of MDOT's current LPA program.

3. A representative from FHWA Headquarters provided additional observations, policy interpretation, and recommendations regarding LPA programs as follows:

    a. Federal-aid funds generally have more strings attached, which can drive up planning, development, and administrative costs (i.e. paperwork, oversight, federal regulations, etc.).

    b. LPAs can exercise discretion on the use of federal funding for specific project costs. This could extend to use of federal funds for planning activities, design, or other purposes outside of construction.

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[7] https://www.fhwa.dot.gov/federalaid/lpa/

    c.   LPAs can seek exemptions from certain federal requirements based on the project type and justification.

    d.   LPAs can work with DOTs in a fund swap program –allowing DOTs to swap state funds for federal funds on LPA projects. However, state funds are discounted by 20% (presumed to be equivalent to the cost of using federal funds), which can be a significant cost impact in some cases.

7.4   Summary

Based on the analysis above, HKA has identified the following opportunities for cost savings and/or areas for potential improvement in the administration of the LPA program. MDOT would need to conduct a more complete and in-depth assessment of strategies to streamline requirements to assess the extent of potential cost and time savings.

Recommendations	Potential Benefit
1. Assess if MDOT's internal LPA project development resources should be increased to meet the demand for timely project development and concurrence reviews.	• Expedite project development and concurrence reviews
2. Develop robust self-certification procedures for LPAs with licensed engineers to minimize the MDOT LPA oversight and concurrence steps for contracts, construction plans, Right-of-Way acquisition, utility relocation, and final project acceptance.	• Streamlined project development process • Minimize project delays
3. Work with certified LPAs to transfer management, control, and responsibility for contract administration of their own projects with or without consultants and with less oversight from MDOT.	• Streamlined project execution process • Potential for cost savings
4. Give LPAs discretion on the distribution and use of federal funds. Allow LPA to draw on federal funds as needed until LPA local funds are available.	• Increase the flexibility for LPAs to use funding where they need it most • Allow projects to move forward earlier than they would otherwise
5. Allow certified LPAs to use approved local agency specifications and standards for their LPA projects (e.g., a city street rehabilitation with a narrower roadway width than the current state standard) and allow for LPAs to develop administration, and Quality Assurance Plans (QAP) and acceptance procedures tailored to the type, size, and criticality of work.	• Potential for cost and time savings stemming from less stringent design and QA requirements
6. Develop a tiered risk-based system for LPA projects that adjusts administration and oversight based on a project's cost threshold or the criticality of the work. The tiering would define the required level of MDOT oversight, delegation of responsibilities to the LPA, and documentation requirements for the project	• Potential for cost and time savings stemming from less stringent QA requirements

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January 30, 2020

Honorable Shad White, State Auditor
Office of the State Auditor
State of Mississippi
P. O. Box 956
Jackson, MS 39205-0956

Re: Agency Response to MDOT Performance Audit Report dated January 2020

Dear Mr. White:

Thank you for the opportunity to review and comment on the MDOT Performance Audit Report. I would like to express my appreciation for the way your team conducted the field review and interacted with my staff during the performance audit.

The Department continually looks for ways to increase its efficiencies and recognizes there is always room for improvement. We plan to use this report as a guiding document to analyze recommendations and develop an action plan to prioritize and implement improvements. Our next steps will be to fully vet these recommendations with the Mississippi Transportation Commission, internal staff, Federal Highway Administration, and other stakeholders to continue our pursuit of best practices.

I also want to express my gratitude for the recognition this report gives to the many functions that MDOT performs well. I feel very fortunate to work alongside some of the most capable and passionate Mississippians, who work diligently to achieve the highest possible standards.

Once again, I would like to thank you and your staff for working with HKA Global Inc. to encourage further analysis on areas of potential improvement. I remain committed to increasing the Department's efficiency and best utilizing the taxpayers' money.

Sincerely,

Melinda L. McGrath, P.E.
Executive Director
Mississippi Department of Transportation

cc: Commissioner Tom King
        Commissioner John Caldwell
        Commissioner Willie Simmons

Transportation: The Driving Force of a Strong Economy