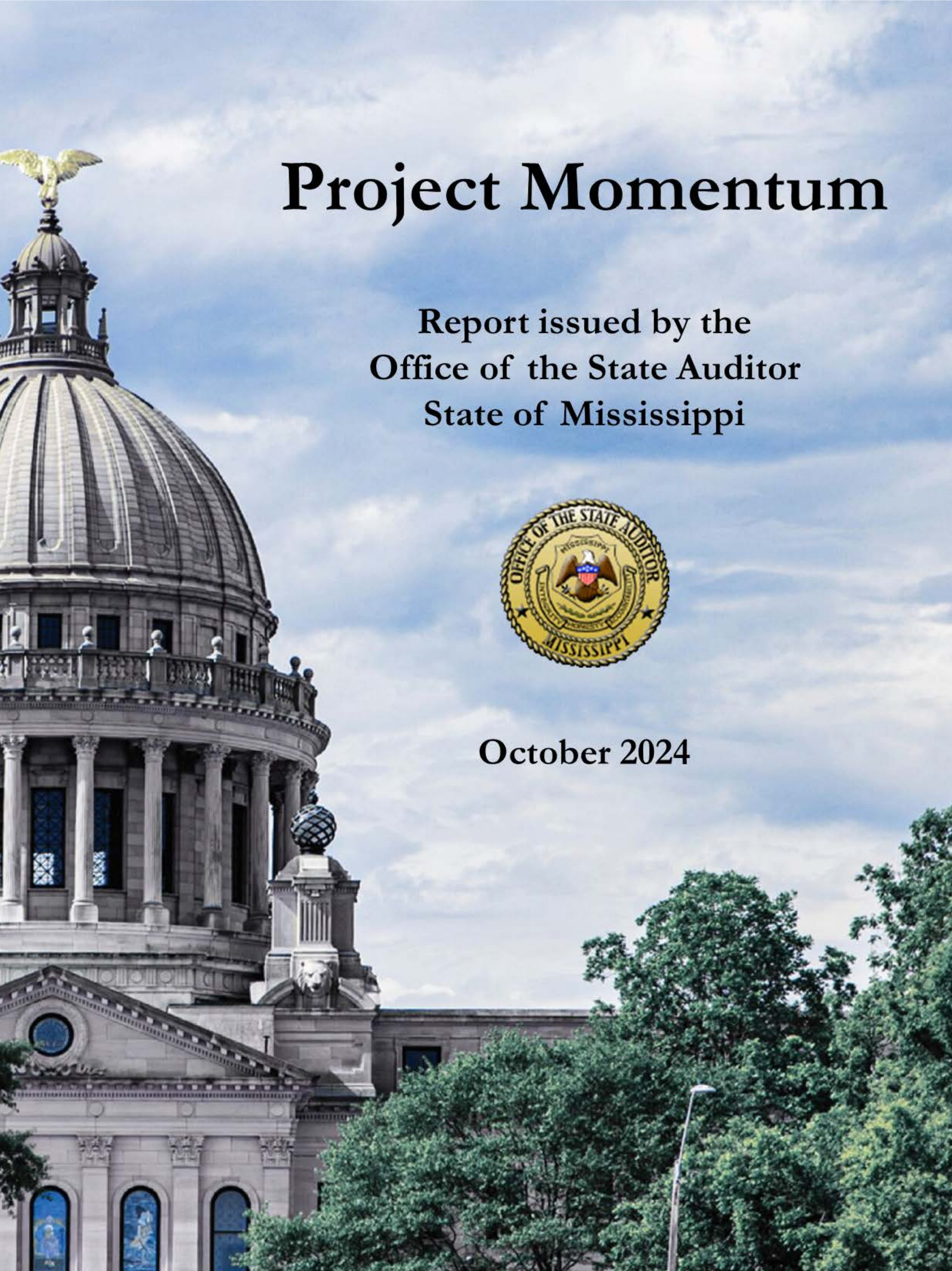

Project Momentum

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

October 2024

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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.

[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.

[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

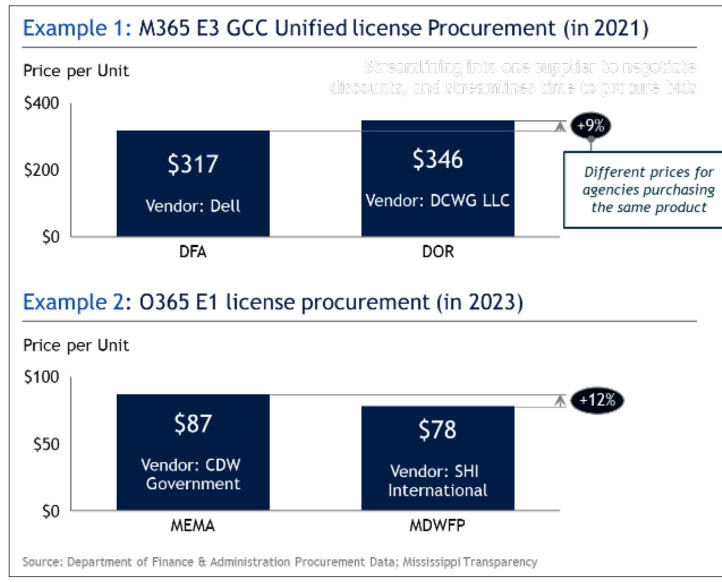
Pain points	Quotes from agency staff
Agencies often utilize different vendors or contracts for similar products & services	• "We needed to get a new building security contract – **the vendors and rates from the pre-approved list were so high that we went out and procured a better deal for ourselves**." • "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)

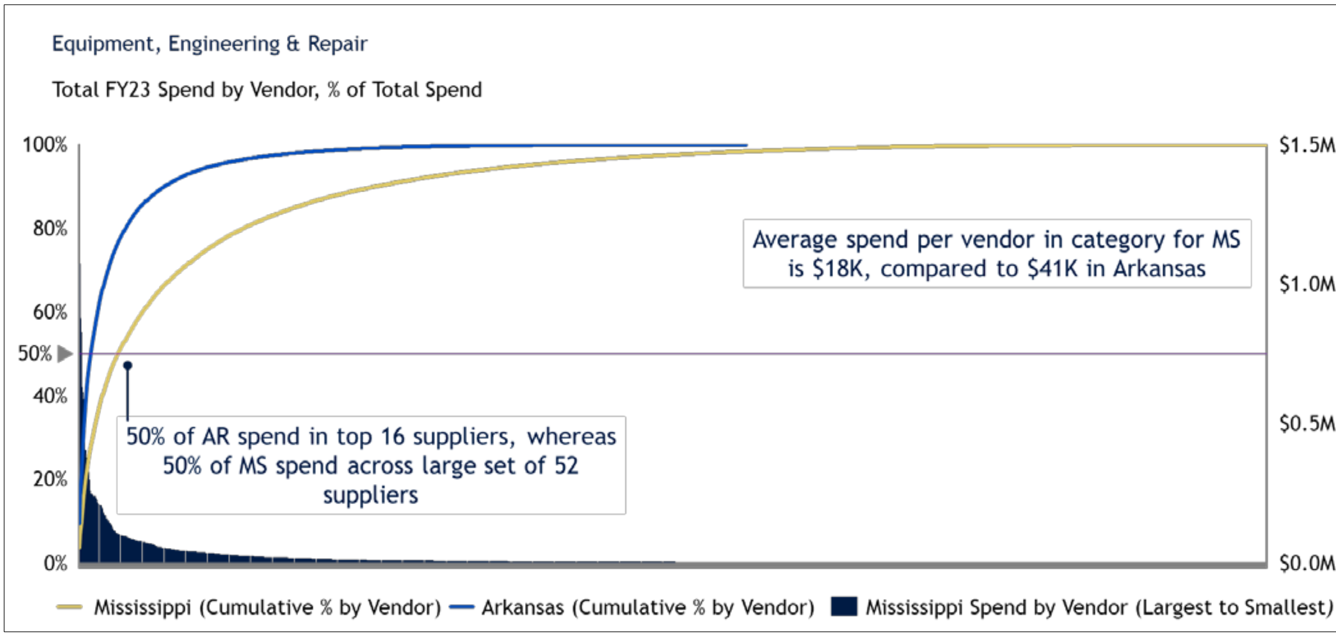
4.3.1.2 Case Study: Engineering Services and Repair

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.

[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



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.

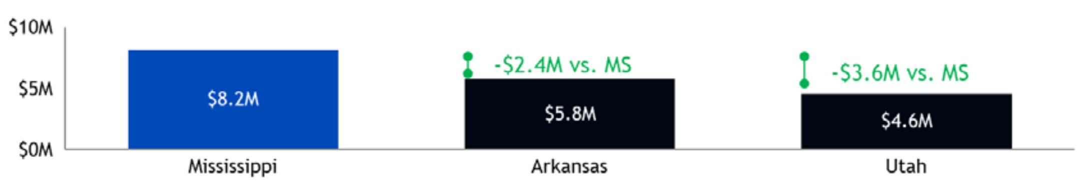
Exhibit 6: Spending more on Fast Enterprises than comparable states

Context

Fast has 5-year contract to provides software services for

- Tax/Revenue Administration (GenTax)
- Driver and Vehicles Services/Registration (FastDS-VS)

FY23 Operating Expenses for Fast Enterprises



	Mississippi	Arkansas	Utah
Population	2.9M	3.0M	3.3M
Annual State Revenue Collections²	$6.8B	$7.0B	$16B
Tax Complexity Rank *(Higher = More Complex)*	37 (Tie)	37 (Tie)	48
GenTax Customer	✓	✓	✓
FastDS-VS Customer	✓	✓	✓

[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

Mississippi

- A vendor charges $90/hour + 10% commission for traditional media[1] buys
- MS spent $3.2M on vendor in 2023 - with contract value authorized for up to $7.5M

EXHIBIT "C"
COMPENSATION

In consideration for the satisfactory performance and final Authority acceptance of services in Exhibit "A", the Authority will compensate the Contractor based on the budget submitted as seen below. The Authority will verify throughout the contract period that the Contractor is billing according to the blended hourly rate submitted in the proposal. The Authority will compensate the Contractor up to a Contract Maximum of $7,500,000.00 for the *contract period*.

Blended Hourly Rate: **$90/hour**

Media Buy Commission: **10% traditional (TV, radio, print, outdoor)**
6% digital (display, pre-roll, paid search, CTV/OTT)

Florida

- Florida Lottery vendor for advertising **charges flat 8.5% fee of all media buys** - without add'l fee for content creation

5. COMPENSATION

The Lottery agrees to compensate the Agency for its services hereunder in accordance with the provisions of Section 5.5 of the ITN and at the Agency's proposed rate of 8.5% of the total annual budget.

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.

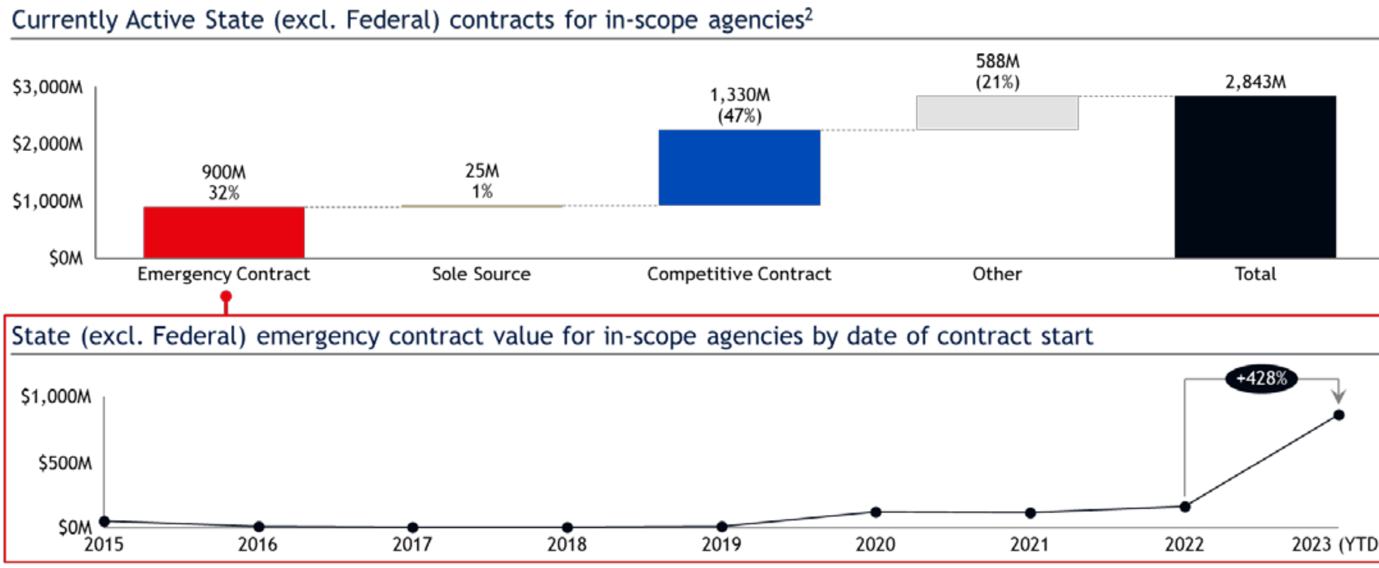
Moreover, vendors can easily file a protest when they fail to win a bid. In many of these instances, the state cannot issue a contract to the intended awardee until the protest dispute has been resolved (unless using a special provision that allows the state to award the contract after 90 days if essential). 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.

[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



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.

  - 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.
  - 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.

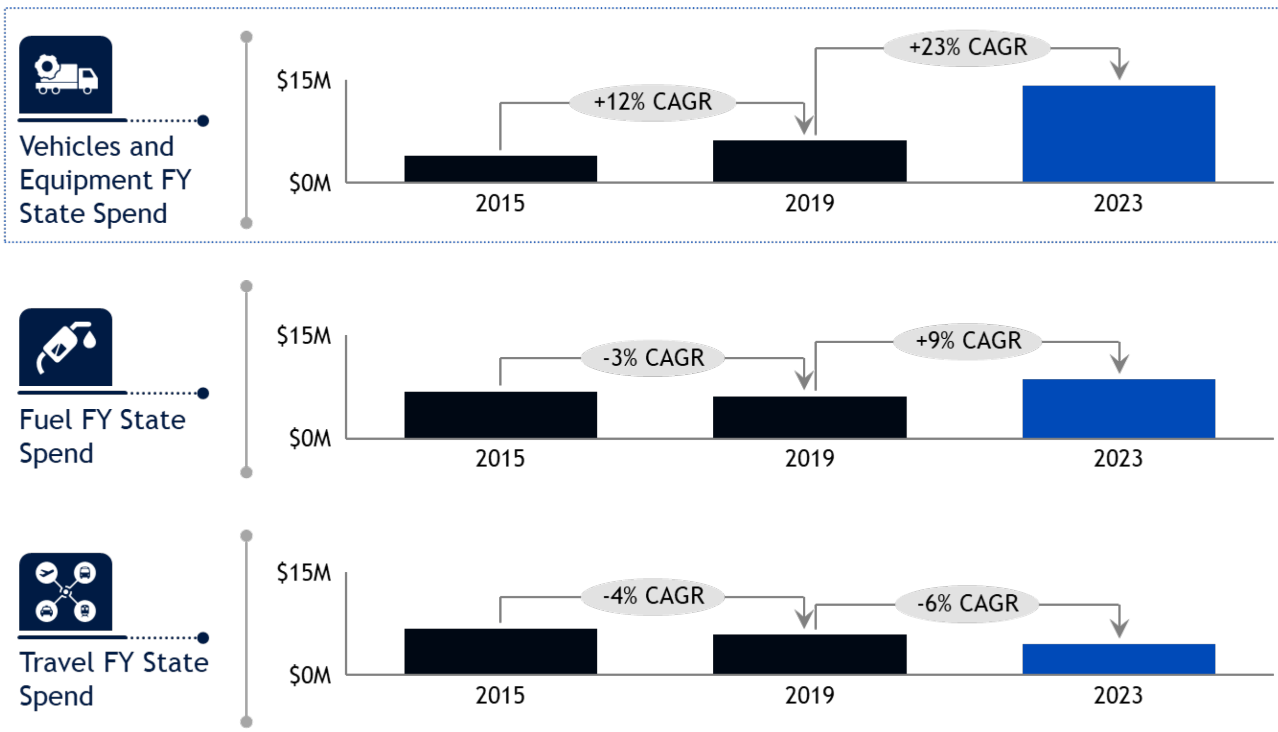
Exhibit 10: Agency staff pain points – procurement

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).

[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.

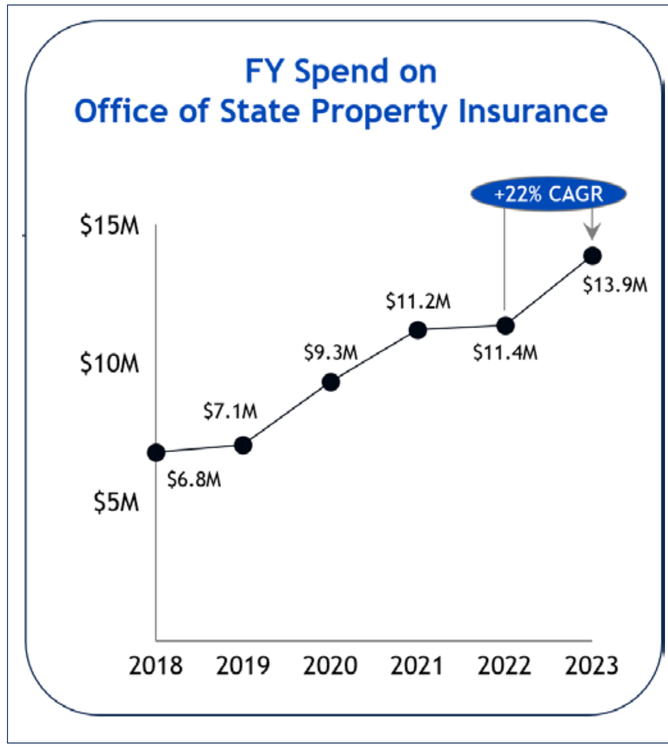
- **Support Service ($14M):** Variety of financial and operational services to other agencies (e.g., Budget, Procurement, Internal Audit, Surplus Property, Financial Management, state Air Transport, Travel).

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**).

Exhibit 13: Rising insurance premiums



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 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"):

[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.

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.

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.

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:

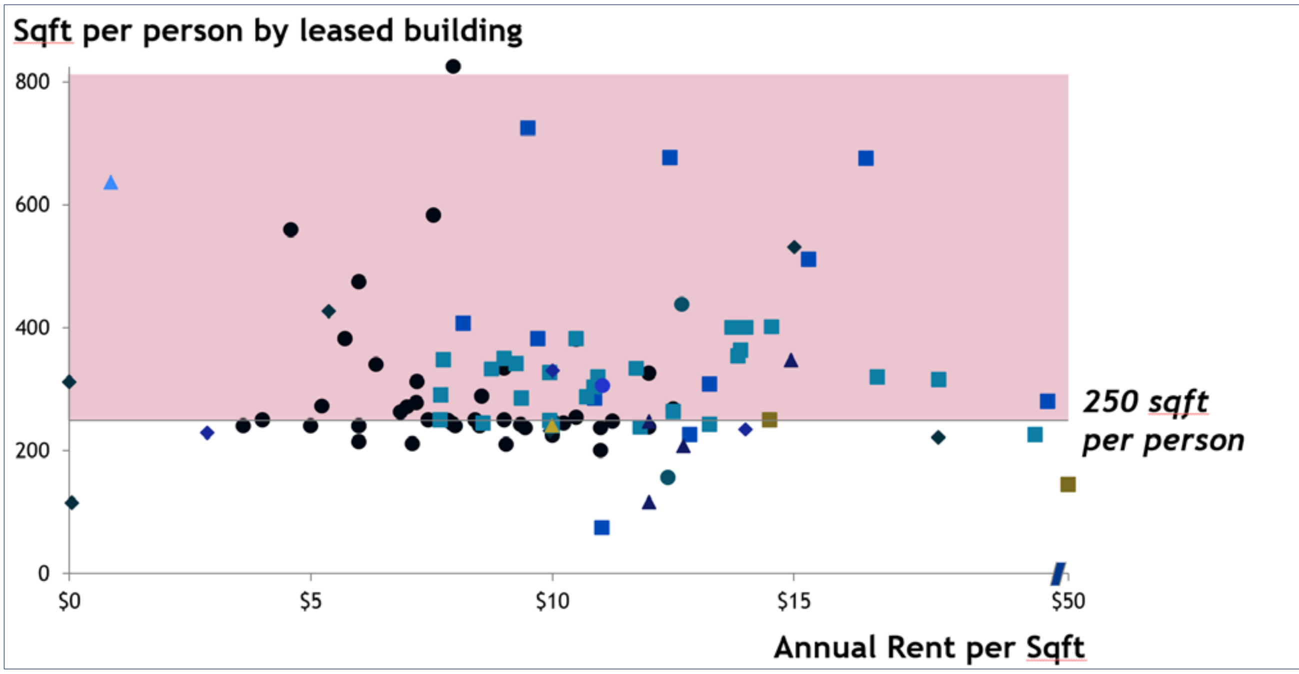
- Develop public-private partnerships with utility companies to share the investment cost (and eventual cost savings).
- Raise low-interest financing for energy-efficient infrastructure.
- Use state capital funds for upfront investments in capital upgrades.

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

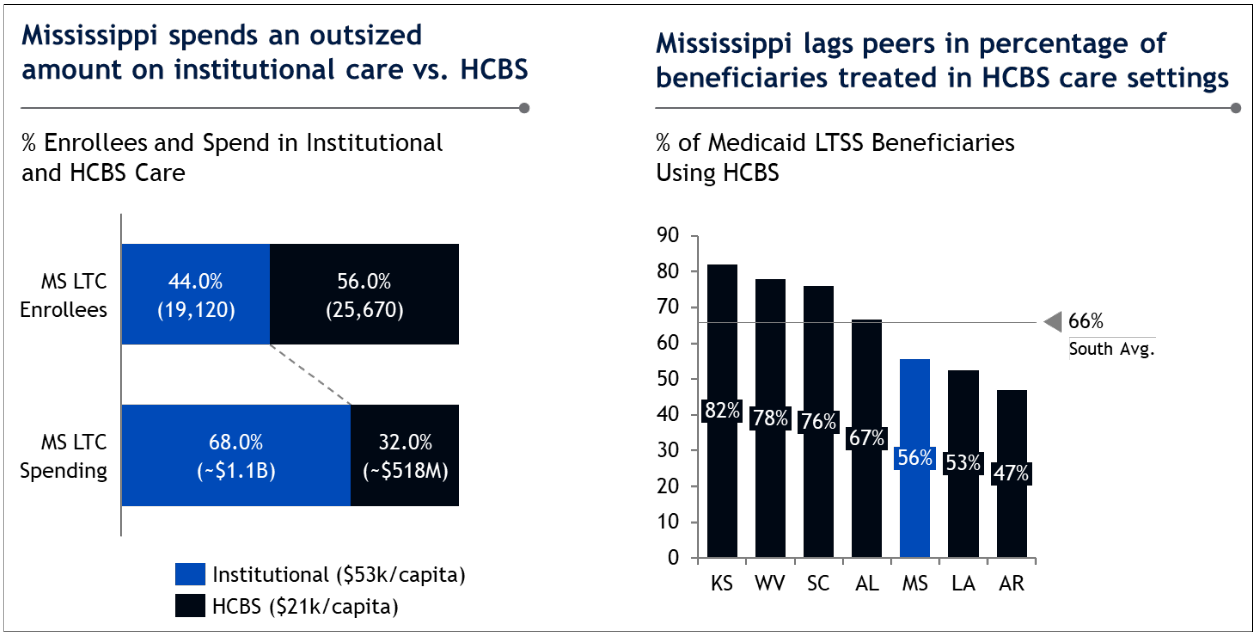
The State of Mississippi spends more than $1.5B on long-term care services annually, providing institutional care and home and community-based services (HCBS) to aging and disabled beneficiaries. Mississippi spends an outsized amount on institutional care versus HCBS, given the higher cost of institutional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

[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%.

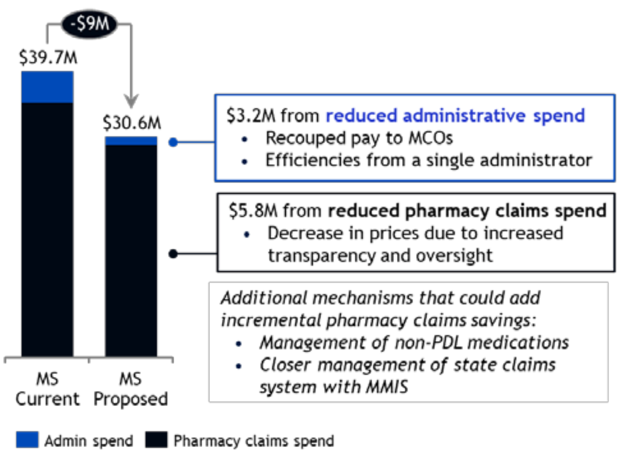
During this analysis, DOM began considering this model and estimated potential administrative savings of $3.2M. Based on peer benchmarks, we estimate an additional ~$6M in savings can come from increased pricing oversight (e.g., drug costs, claims management, rebate management). DOM has now acted upon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

Exhibit 17 shows this estimate in more detail.

[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

Based on peer savings, MS can save ~$6M on pharmacy claims in addition to ~$3M in identified admin savings



Creating a single PBM can save MS a total of ~$9M across admin and pharmacy claims savings

Opportunity	Financial Impact	Key assumptions
Reduce administrative spend	$3.2M	• Based on DOM analysis of estimated savings on PBM admin expenses and margin to MCOs
Reduce pharmacy claims spend	$5.8M	• Based on average savings rate realized by states that carved out PBM after previous steps to control pharmacy spend
Total	~$9M	

*Potential to enable improved pharmacy benefits experience at lower cost for **all Medicaid beneficiaries** by carving out PBM*

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.

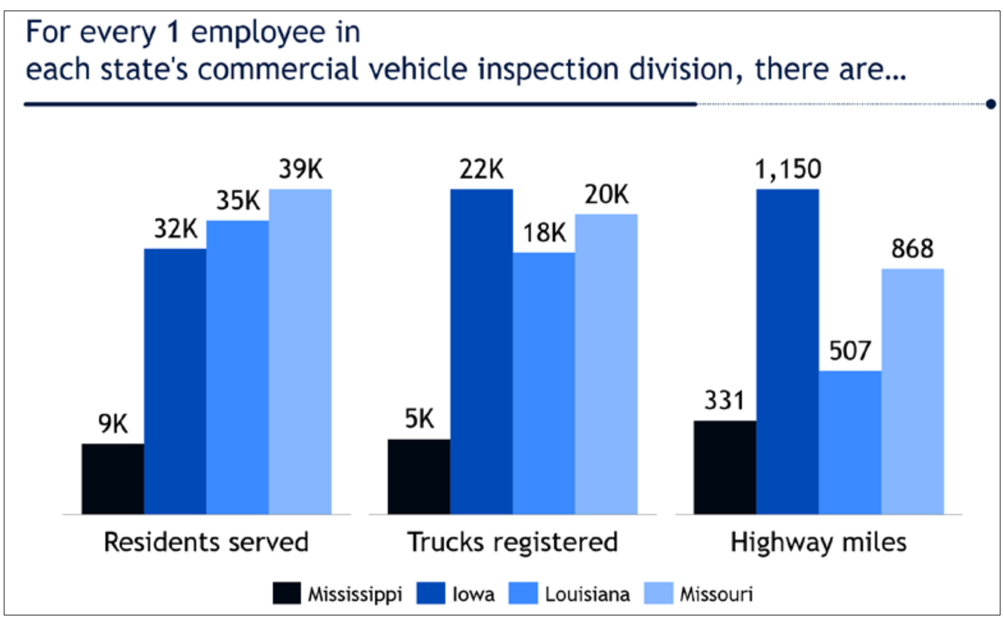
5.5.2 Recommendations

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

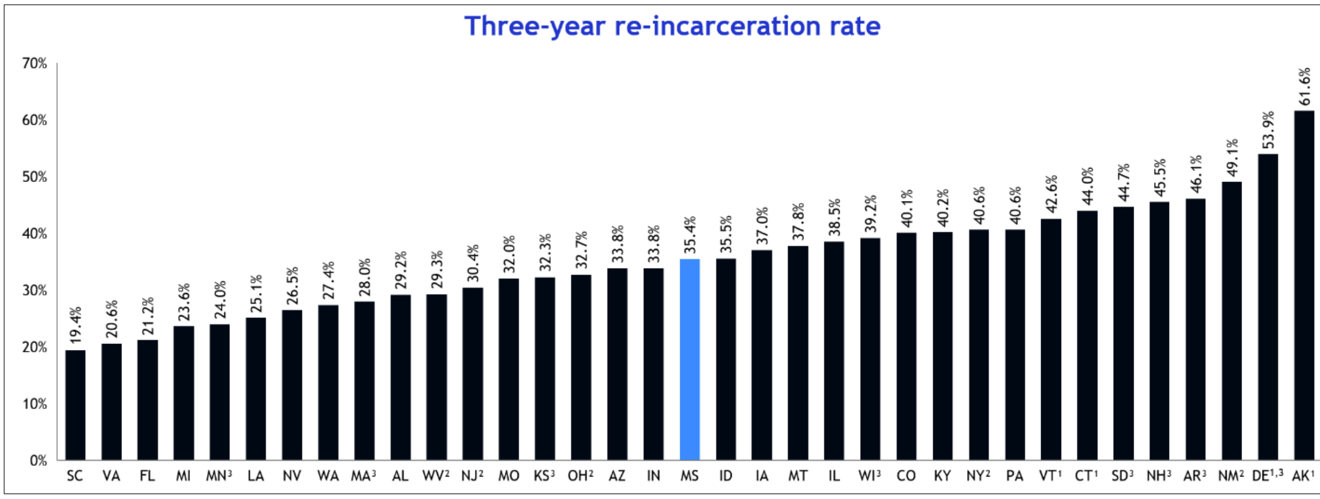
DOC contends with overcrowded facilities and a high recidivism (repeat offending) rate. As of Fall 2023, capacity rates at DOC's state and regional facilities have routinely stood above 90%. Capacity rates at private prisons that partner with DOC generally exceed 95%. As of November 2023, there were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

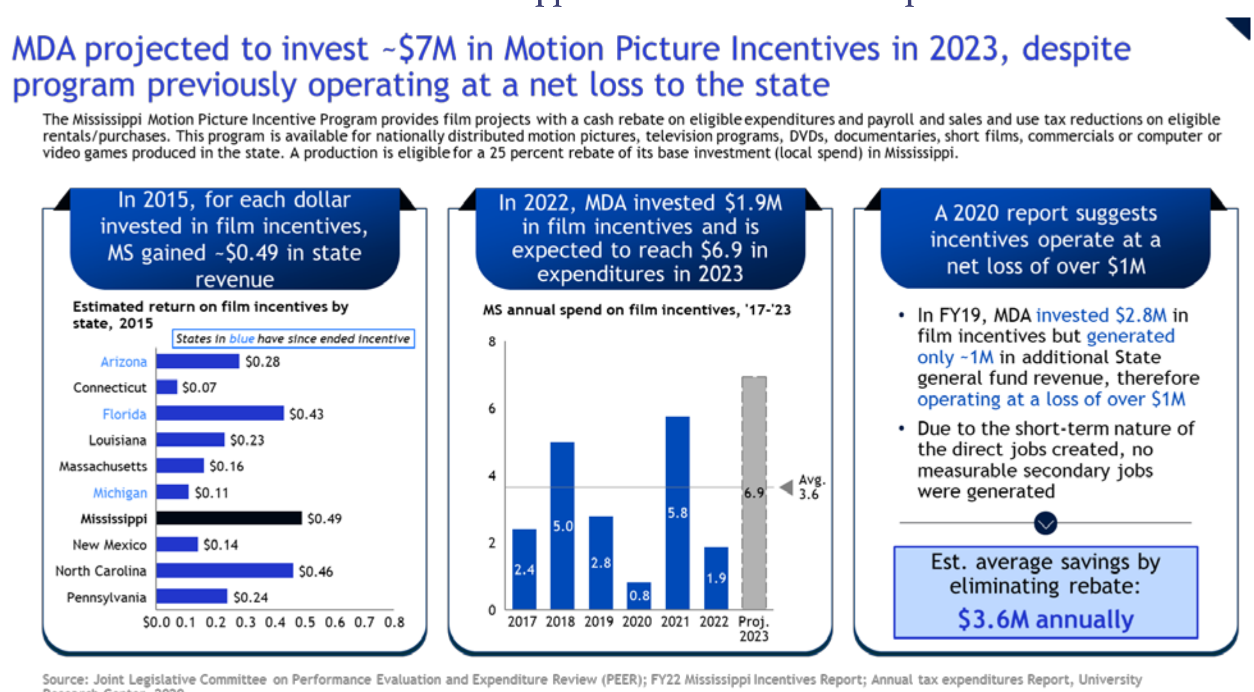
Motion Picture Incentive Programs Are Not Paying Off

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.

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



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.

[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:

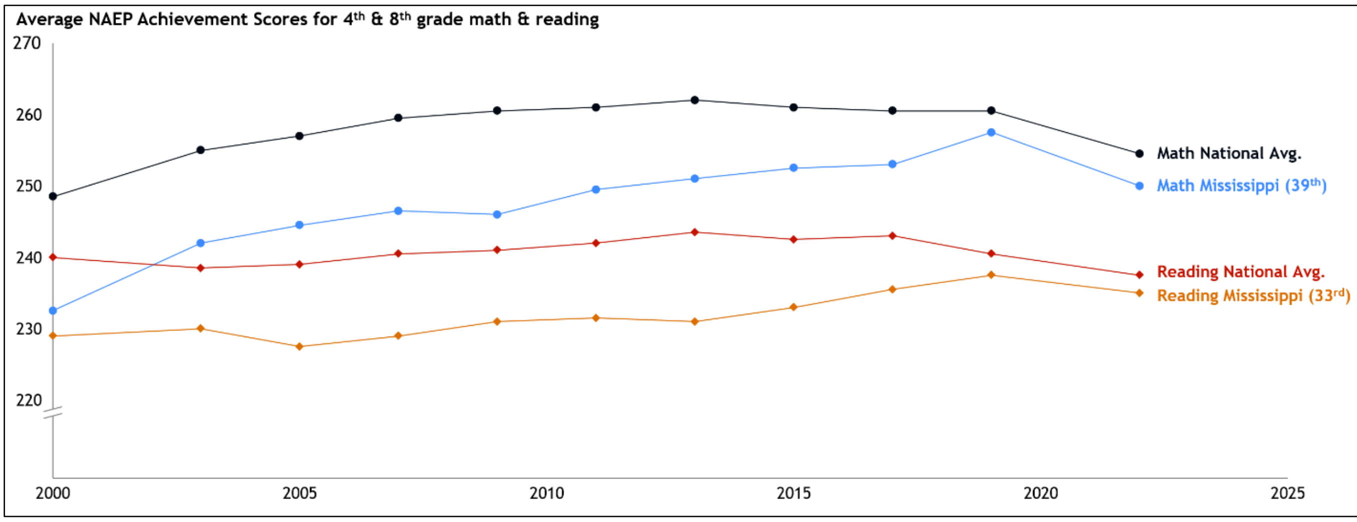
Initiatives	Estimated size of opportunity
Support schools in getting better value in procurement	$44M - $82M
Centralize school property insurance	$23M
Consolidate school district back-office functions	$14M
Invest in energy efficiency upgrades to reduce utilities spend	$9M - $14M
Consolidate CTE programs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

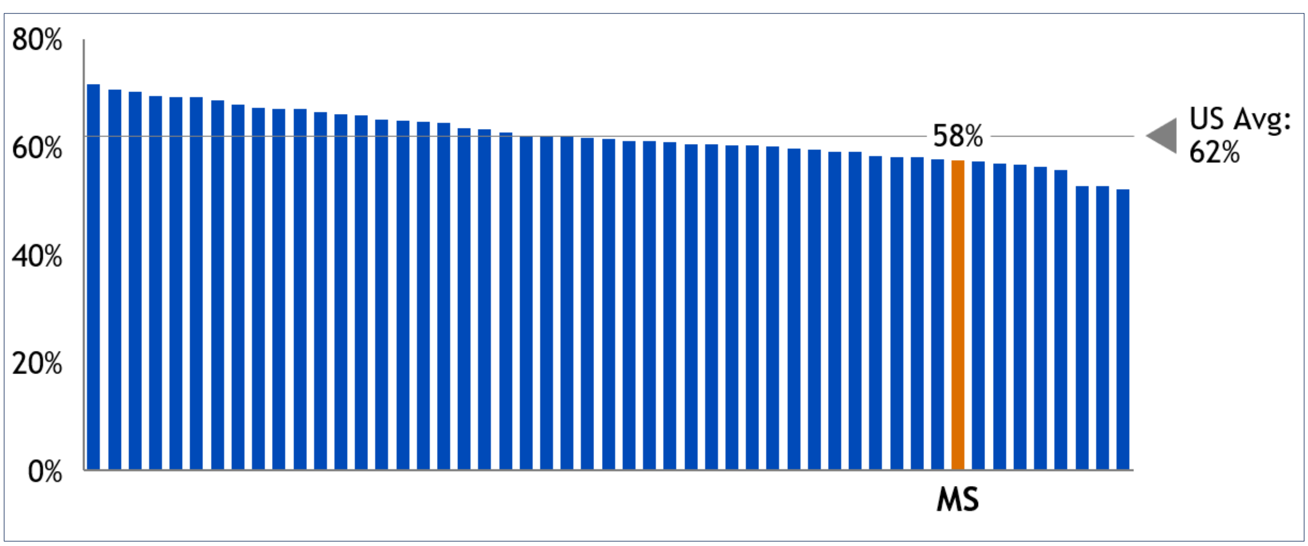
- **($2,812M) School District Funding & Support:** Provides money to school districts to fund a portion of their operations. Most funds subject to this review were appropriated using the now-replaced Mississippi Adequate Education Program (MAEP) formula, which used multiple factors, primarily school 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]



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]



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.

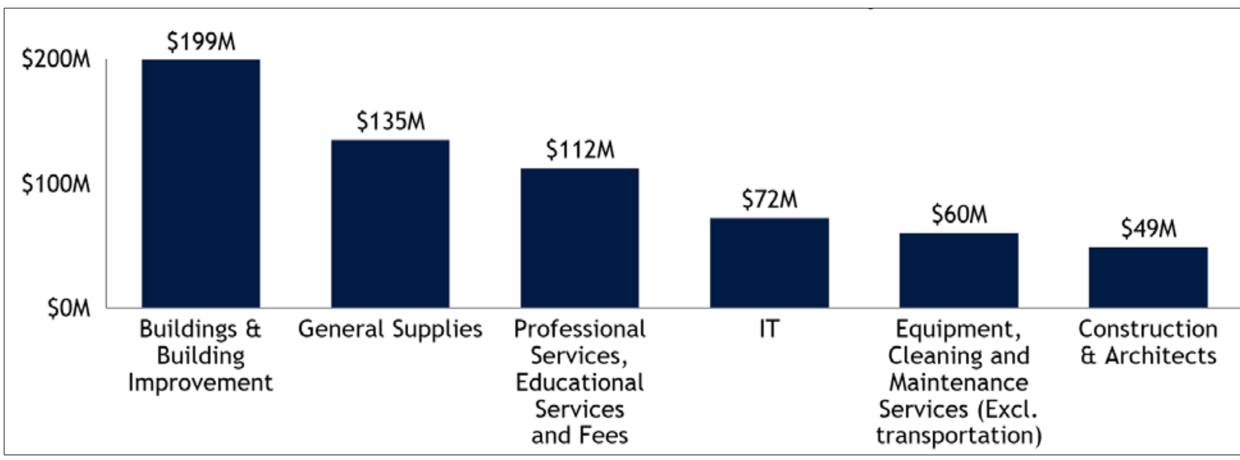
5.9.2 Recommendations

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).

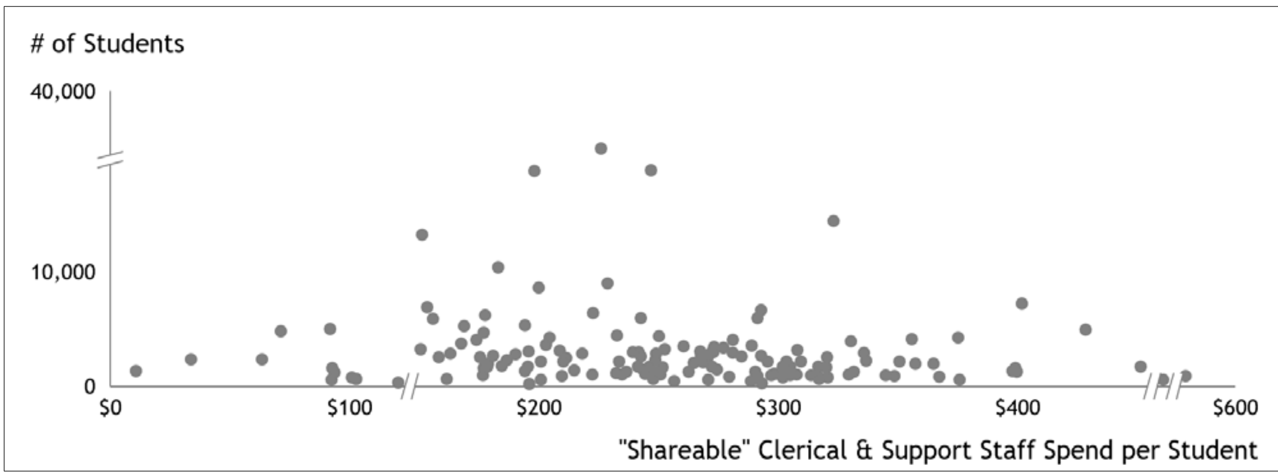
There are several mechanisms by which school districts across the state can work together more effectively to obtain better pricing and terms for their purchases:

- **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	*Have Statutory authority - but do not offer services*	✓	✓	✓
Admin Services: Budgeting, Accounting, Payments		✓	✓	✓
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).

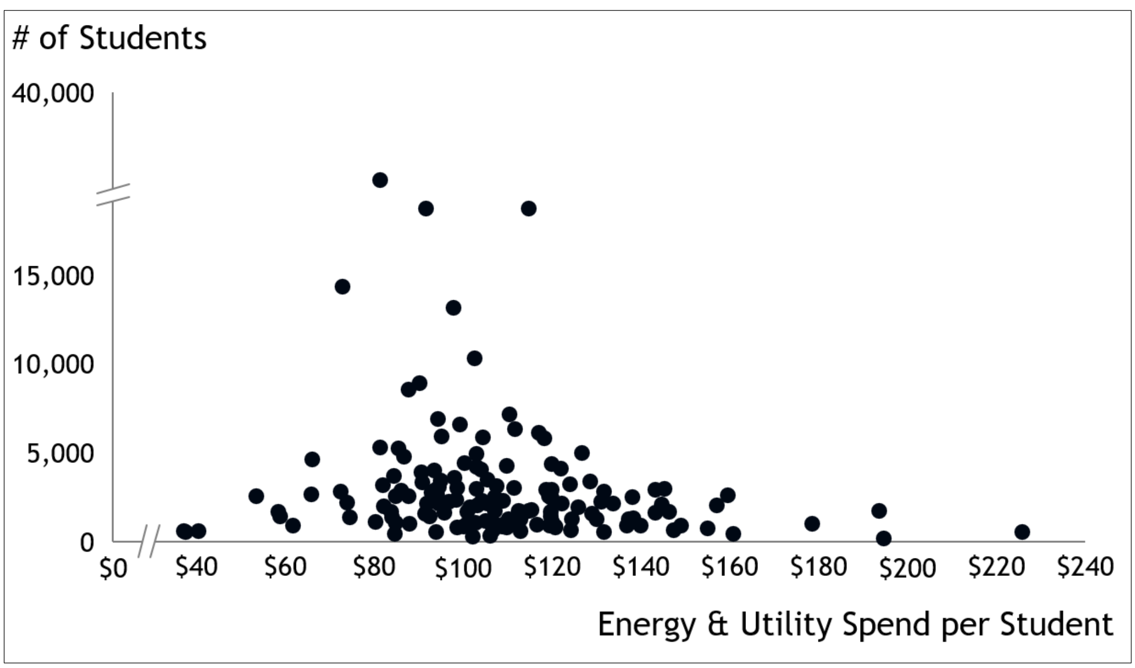
Key mechanisms the state can take to effect this change include:

- **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).

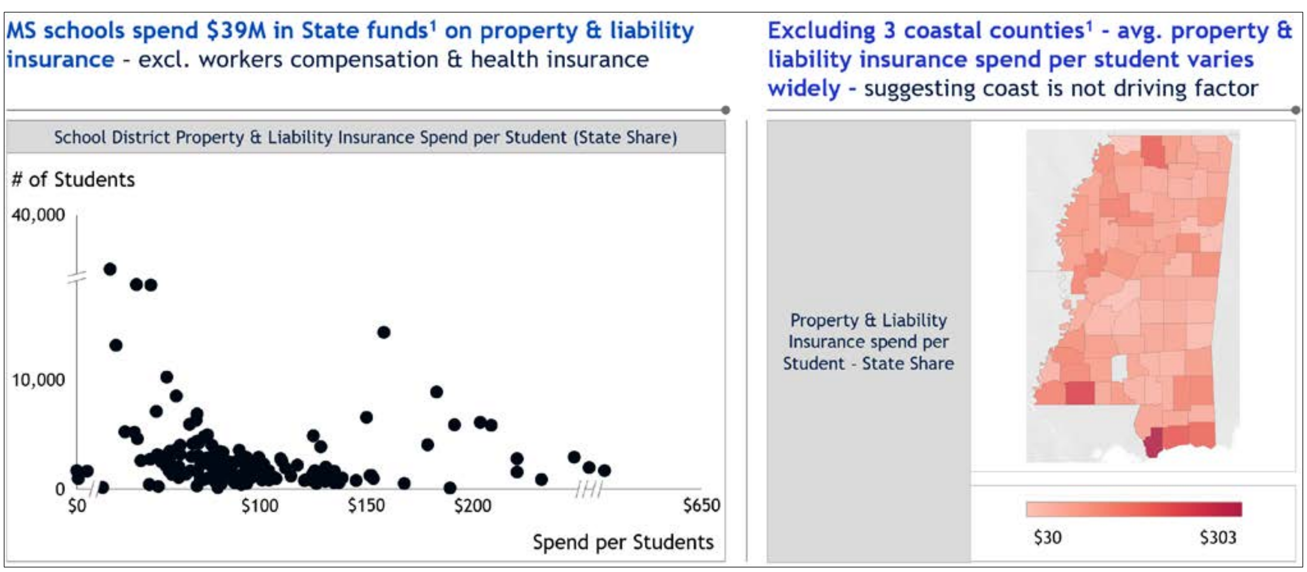
- **Create partnerships with private utility companies** to jointly cover expenses, allowing them to share in cost savings.
- **Extend low or zero-interest loans** to districts for funding efficiency upgrades.
- **Offering financial support or direct funding** for energy-saving infrastructure projects 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



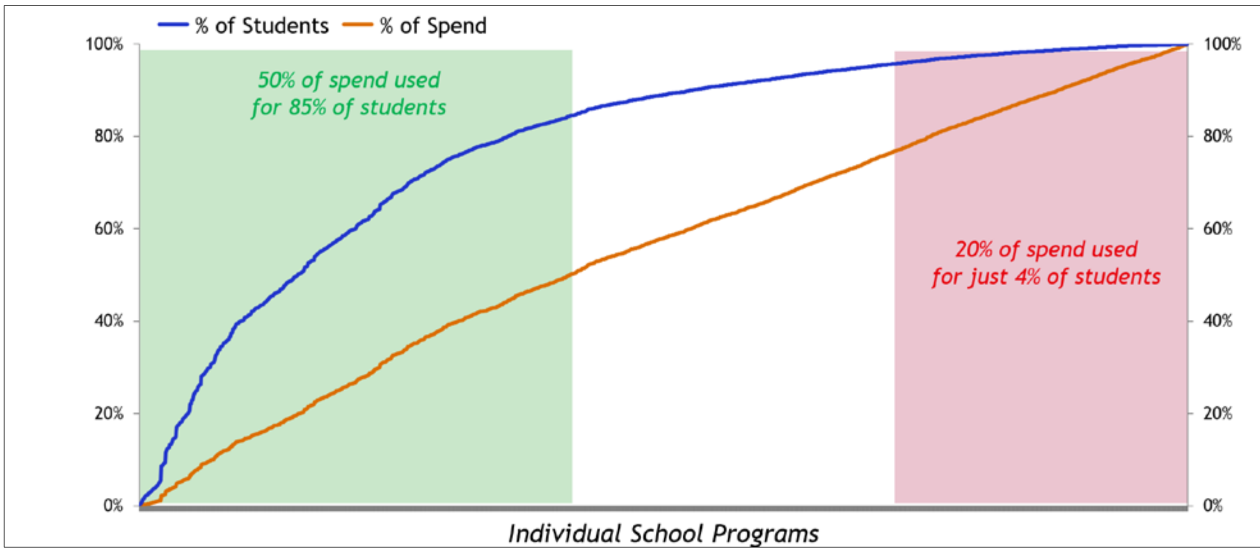
5. Re-evaluate and streamline Career and Technical Education Programs

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:

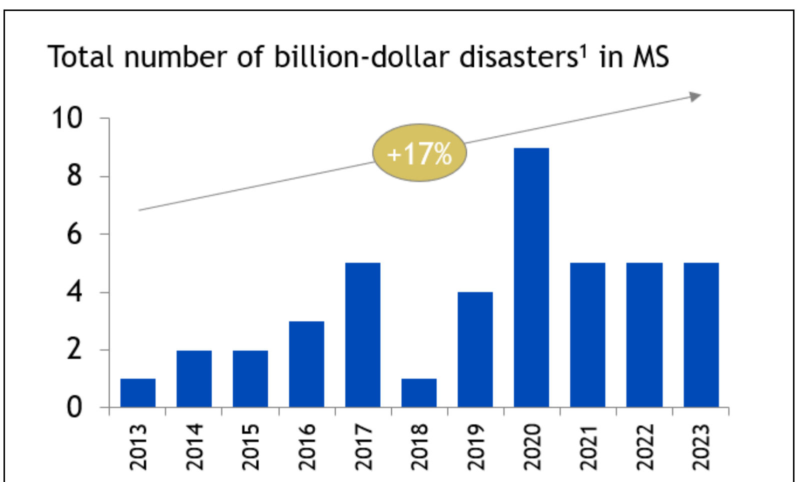
Wind	Reinforcing roof, windows, and doors
	Strengthening interconnecting structures between foundation and building elements
Flooring	Reinforcing and floodproofing building walls and foundations
	Improving landscaping and drainage

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.*

[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

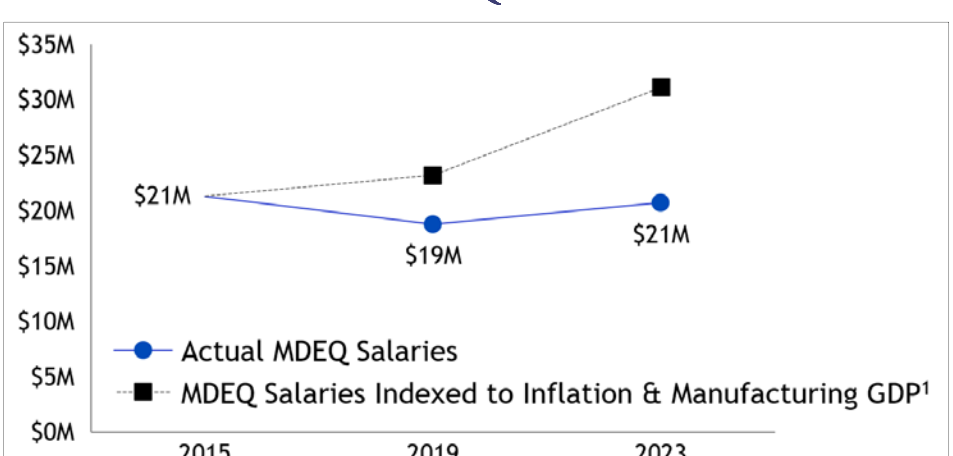
5.12.1 Background and Context

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.