

Mississippi Department of Corrections' FY 2016 Cost Per Inmate Day

Executive Summary

Background

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

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

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

The law also required that the state cost per inmate day be certified annually by a certified public accountant and that the certified cost be used as the basis for verifying the 10% savings required for private contractor costs. Historically, MDOC has taken the cost of operation of similar units and adjusted them to recognize economies of scale to arrive at a cost of operation of a 500- or 1,000-bed facility.

During its 2012 Regular Session, the Legislature passed H.B. 440 (amending MISS. CODE ANN. Section 47-5-1211 [1972]), which requires the cost per inmate day calculation to occur every two years instead of annually and to require development of a current cost-based model for the calculation. This report serves as the model for the basis of the cost per inmate day calculation.

The cost-based model was applied utilizing average MDOC costs, security requirements, and medical needs of MDOC's inmate population housed in state-operated facilities. The cost-based model provides MDOC management with the ability to determine MDOC's costs for any current or proposed privately operated prison, which can be used in the negotiation of private prison rates and achieve at least the 10% savings required by statute.

Cost Per Day Determination

For FY 2016, MDOC's cost per inmate day for a model facility totaled \$49.79 based on the average costs, security requirements, and medical needs of MDOC's inmate population housed in state-operated facilities.

MDOC's FY 2016 cost per inmate day for a model facility based on the average costs, security requirements, and medical needs of inmates housed in state operated facilities totaled \$49.79 and included the following components:

Allocated Costs	
Parole Board	\$ 0.11
Operating Costs of the Unit	
Security personnel	16.72
Nonsecurity personnel	7.60
Other costs	
Food	3.22
Medical	10.30
Utilities	2.18
<i>Subtotal: Operating Costs</i>	<i>\$40.02</i>
Other Costs*	
All Other Costs	9.66
Total Per Day Cost	<u>\$49.79</u>

* Includes MDOC administrative costs, such as the Office of the Commissioner of Corrections, the Division of Community Corrections, the Division of Finance and Administration, the Division of Institutions, and the Corrections Investigative Division. Also includes other costs, such as facility management and maintenance, payroll and human resources, clothing, bedding, equipment, officer training, officer uniforms and supplies, and inmate education and training.

Negotiating Private Prison Payments

PEER believes MDOC should negotiate private prison contracts to yield savings significantly greater than the 10% required by law.

PEER cautions the reader that, as required by law, the cost figures presented in this report represent actual costs to MDOC. State law also requires that private prisons represent *at least a 10% savings to MDOC's costs for the same level and quality of services*. It should be noted that cost savings offered by private prisons may exceed the 10% threshold. Therefore, when negotiating private prison payments, items borne solely by the state should be eliminated and due consideration given to reducing other costs in which the state bears additional or different costs than the costs incurred by private prisons. See "Schedule of Considerations for Private Prison Contract Negotiations," page viii of this summary, for areas where savings may be achieved by more efficient contracting.