PEER MISSISSIPPI
Joint Legislative Committee on Performance Evaluation and Expenditure Review

An Efficiency Review of Selected Mississippi State Government Operations

Report Highlights

January 5, 2026

CONCLUSION: Building on previous PEER reviews, PEER compiled this report detailing various cost savings opportunities within Mississippi state government. This report suggests that savings of up to $116 million could be achieved through efforts by the Mississippi Legislature and by state agencies to reduce costs in six key areas—state vehicles, cellular services, shared space and shared services, sales tax discounts, film incentives, and school district operations. An additional $20.7 million in revenue could be generated in the areas of state vehicles and school district nutrition.

Some cost savings opportunities noted in this report provide additional funds for the state's General Fund, which would allow the state to re-direct funds from inefficient programs or operations to other areas. However, some cost savings opportunities involve special funds, which must be used for specific purposes.

STATE VEHICLES

Right sizing the state's vehicle fleet is important to ensure efficient use of taxpayer funds while providing agencies with the resources needed to carry out their missions. As of June 30, 2025, Mississippi had 10,507 fleet vehicles across 56 agencies with an acquisition value of $480.5 million.

Because state vehicles constitute a significant portion of state equipment, decisions regarding the state's vehicles must be made economically and efficiently. PEER's analysis of vehicle usage in FY 2025 suggests an estimated cost-savings opportunity of up to approximately **$10.6 million** annually through efforts to right size the state's fleet.

Also, the state could generate up to an estimated **$7.1 million** in one-time revenue through the sales of underutilized state vehicles.

SHARED SPACE AND SHARED SERVICES

Under shared space agreements, agencies have the opportunity to co-locate in spaces where common space (e.g., conference rooms) can be shared. PEER estimates a potential cost savings between **$459,285 and $632,535** annually in lease payments by co-locating 17 state agencies into a building in downtown Jackson.

Further, PEER estimates a potential cost-savings of **$2.3 million** by eliminating unfilled positions in these co-located agencies and utilizing shared staff to perform critical functions across those agencies (e.g., administrative or investigative services).

Additional savings could be achieved through contract service sharing across co-located agencies (e.g., for accounting services).

CELLULAR SERVICES

State agencies must procure cellular services through vendors approved by the Mississippi Department of Information Technology Services (ITS). In FY 2025, Mississippi state agency costs for cellular services totaled approximately $8.3 million.

Based on usage information provided to ITS by the state's cell phone service vendors, there are opportunities for cost savings of up to **$1.6 million** from state agencies converting to lower cost service plans that better align with their cellular usage.

Also, PEER estimates additional cost savings of up to **$252,429** annually by downgrading hotspots.

SALES TAX DISCOUNTS TO RETAILERS

MISS. CODE ANN. Section 27-65-33 (b) (1972) provides multiple sales tax discounts to retailers, essentially rewarding those retailers for complying with state law. By eliminating this discount, the state could generate additional revenues of approximately **$18 million** annually for the General Fund.

FILM INCENTIVE PROGRAM

MISS. CODE ANN. Section 57-89-7 (1972) provides for a film incentive program in the state. Multiple reviews, including one conducted by PEER in 2015, have concluded that film incentive programs result in a negative return on investment. By eliminating this program, the state could generate additional revenues of approximately **$9 million** annually for the General Fund.

SCHOOL DISTRICT OPERATIONS

School district administrators are responsible for spending millions of dollars annually on operational expenses. PEER contracted with Level Data to conduct reviews of Mississippi's FY 2023 school district operational programs and expenses. For the four areas of review with associated cost savings—finance and supply chain, nutrition, operations, and transportation programs—Level Data identified potential savings of up to **$74 million** and potential revenue generation of up to **$13.6 million** across 129 reporting school districts. If districts can increase their efficiency in these operational areas, funds could be made available for program improvements or for other key areas such as instruction.

SUMMARY OF RECOMMENDATIONS

State Vehicles

1) The Legislature should consider amending MISS. CODE ANN. Section 25-1-77 (1972) to require that the Bureau of Fleet Management (BFM) within the Department of Finance and Administration shall:
   a) require that each agency with high mileage drivers utilize a state vehicle (either one already owned by a state agency or a new vehicle) in lieu of reimbursing mileage for those employees by September 30, 2026;
   b) require that each agency with underutilized vehicles (i.e., vehicles driven less than 8,200 miles in FY 2025) must submit to BFM specific information by December 31, 2026; and,
   c) require BFM to report to the Legislature by December 31, 2027, the cost savings from efforts to right size the fleet.

Cellular Services

2) The Legislature should consider amending MISS. CODE ANN. Section 25-53-5 (1972) to require that the Department of Information Technology Services (ITS) shall require each agency using cellular services to submit to ITS the following information by September 30, 2026:
   a) an acknowledgement form that the agency has reviewed its usage and cost information from their cell phone vendor;
   b) a signed statement from the agency's Executive Director that asserts the agency has re-solicited quotes for cellular services and is using the best priced plan that matches actual usage and needs; and,
   c) the annual cost savings of any adjustments to the agency's cellular service plan(s) as a result of this effort.

   A report of cost savings compiled by ITS should be provided to the Legislature by December 31, 2026.

Shared Space and Shared Services

3) The Legislature should consider amending MISS. CODE ANN. Section 27-104-7 and 29-5-2 (1972) requiring that the 17 state agency candidates listed in this report co-locate in available office space in the downtown Jackson area by June 30, 2027, if cost-savings can be achieved.
4) After relocation is complete, the Legislature should work with the Legislative Budget Office to eliminate unfilled positions in these agencies. Further, require these agencies to utilize shared staff to perform similar functions (e.g., administrative) and to enter into certain shared contracts for services (e.g., accounting).

Other Programs

5) The Legislature should consider amending MISS. CODE ANN. Section 27-65-33 (b) to eliminate the sales tax discount to retailers.
6) The Legislature should consider amending MISS. CODE ANN. Section 57-89-7 to eliminate the film incentive program.

School District Operations

7) The Legislature should consider creating a new CODE Section 5-3-79.1 directing the PEER Committee to require each school district to submit the following information to PEER by September 30, 2026:
   a) A list of all efficiency indicators from the Level Data reports that are currently being used by the district to assess costs in operational areas, and accompanying data if available; and a summary of actions the district has taken to reduce costs.

   A report of actions taken by school districts and any cost savings achieved should be compiled by PEER and provided to the Legislature by December 31, 2026.

PEER MISSISSIPPI
Joint Legislative Committee on Performance Evaluation and Expenditure Review

An Efficiency Review of Selected Mississippi State Government Operations
For more information, contact: (601) 359-1226 | P.O. Box 1204, Jackson, MS 39215-1204
Representative Kevin Felsher, Chair | James F. (Ted) Booth, Executive Director