
OVERVIEW: Privatization Policy Board

The following is a general overview and not a comprehensive analysis of all information related to the Privatization Policy Board or legislation related to privatization or government competition. For more detailed information, contact the Office of Legislative Research and General Counsel.

Legislative History:

Legislation:

1989: Enacts Title 63, Chapter 55a, creating the Privatization Policy Board (Board)

1994, 1995, 1996: Enacts changes common to state boards and commissions

1996: Changes quorum, requires quarterly meetings, addresses per diem, expands duties, and narrows when an agency may privatize independent from the Board

2003: Defines agency to include counties and municipalities, expands membership to 15 with a representative from Utah League of Cities and Towns (ULCT) and from Utah Association of Counties (UAC), changes quorum to 8, changes when an agency may privatize independent from the Board, restricts duties of Board over local agencies

Current Structure:

15 members appointed by the Governor as follows:

- 2 senators, one from each party, names recommend by president of Senate
- 2 representatives, one from each party, names recommended by speaker of the House
- 2 representing public employees, names recommended by largest public employees' assoc.
- 1 from state management
- 5 from the private business community
- 1 from education
- 1 representing ULCT, names recommended by ULCT
- 1 representing UAC, names recommended by UAC

Members serve 4-year terms

8 members constitute a quorum

Members select chair

Board meets at least quarterly

Chief procurement officer or designee is nonvoting secretary to the Board

Duties and Powers:

Duties related to privatization:

- Review whether or not a service performed by a state agency can be privatized to provide the same type and quality of service with cost savings
- Review requests for privatization of services and determine whether privatization would be feasible and would result in cost savings
- Recommend privatization to agency head if a proposed privatization is demonstrated to be a more cost efficient and effective manner of providing existing governmental services
- File a copy of a recommendation for privatization with the relevant agency head, the Governor, and the Office of Legislative Fiscal Analyst to submit to the relevant Legislative Appropriation Subcommittee
- Comply with the Utah Administrative Rulemaking Act in making rules establishing privatization standards, procedures, and requirements (no rules currently adopted)
- Maintain communication with and access information from entities promoting privatization

Duties related to government competition with the private sector:

- Review issues concerning agency competition with the private sector and determine ways to eliminate any unfair competition

Duties in general:

- Prepare an annual report and submit it to the Governor and the Legislature

Powers:

- Appoint advisory groups to study, research, analyze, and report or recommend matters with respect to subjects within the jurisdiction of the Board

Limitations:

- An agency may privatize a service or function independent from the Board if under the contract that privatizes a function, the contractor assumes all liability to perform the privatized function
- Specified board duties do not apply to a municipal or county agency, unless requested by that agency

**Current
Legislative
Members:**

Senator Brent Goodfellow, Board Chair (Term expired 7/30/2006)
Senator D. Chris Buttars (Term expires 7/30/2008)
Representative Fred R. Hunsaker (Term expires 7/30/2008)
Vacancy for minority party representative from the House of Representatives

**Example of
Activities:**

Board adopts "mission statement" in 1989
Governor's office indicates that the Board is inactive from 1992-1996
Board develops "Privatization Assessment Workbook" in 2001
2004 Annual Report indicates the Board:

- reviews privatization of certain economic development functions and finds no "reason why a privatized pilot project on economic development should not be tested"
- reviews competition in the optical industry and recommends the Legislature address the issue
- reviews UTOPIA and finds there is little impetus for the Board to take it under further study
- chooses not to review competition with catering services

2005 Annual Report indicates the Board:

- reviews privatization of state copy centers, appoints an advisory committee, and encourages the Department of Administrative Services to privatize the high speed copy center function within the Division of Purchasing and General Services
- reviews privatization of management of the Petroleum Storage Tank Trust Fund and defers to the Department of Environmental Quality's advisory and regulatory boards
- sends a letter "Invitation to Submit Privatization Issues" to state department/division directors
- receives presentations on privatization within higher education and prisons

2006 Annual Report indicates the Board:

- reviews concerns of unfair competition by government, supports the creation of the legislative committee to study the issue, and has one member caution that the study should address not allowing a government to spin-off activities to a 501(c)(3) entity
- reviews outsourcing of human resource management functions and does not recommend privatization
- discusses the Driver's License Division
- receives presentations on privatization at the Division of Motor Vehicles