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State of Utah

GARY R. HERBERT
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GREG BELL
Lieutenant Governor

Privatization Policy Board
2011 Annual Report

Issues Considered

During the course of the year, several issues were reviewed by the Privatization Policy Board. Each issue is listed below along with the rationale for the Board's decision to review and report on the topic. A substantial amount of time was spent interviewing and meeting with state agencies to document whether the services they provide are "Governmental" or "Commercial" in nature in compliance with the Board's responsibilities outlined in Utah Code 63I-4-101.

Issue #1: Brian Miller- Dixie Mobile Production Unit

- Brian Miller brought this issue to the Board.
- The Board elected to hear this issue because it involved government competition with private enterprises.

Board Review: Brian Miller stated that a university within the State of Utah was competing with his private business. The university's broadcast school bought a mobile production unit for teaching purposes, however, when the opportunity presented itself the university decided to rent out the unit to make up for some the production van's down time. Brian Miller stated that it was unfair that the university was able to rent out their mobile unit at a lower price to. Due to the university using public money to purchase a product and then renting it out for broadcast, therefore competing with his company, was putting his operation at a significant disadvantage as well as possibly putting him out of business.

Board Action: At the conclusion of this issue, Board members were concerned that this issue of a university buying a product for teaching purposes and then renting it to users at a lower price was indeed a concern. The Board decided that it would write a letter to the chair of the Government Operations Committee.

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Issue #2: Representative Johnny Anderson – Concerns with state competition with Child Care Providers

- Representative Johnny Anderson brought this issue to the Board.
- The Board elected to hear this issue because it involved a potential issue with public entities competing with private companies.

Board Review: Representative Johnny Anderson provided the Board with an overview of how some local school districts and public facilities are providing child care services on their premises. He described this practice as unfair to private interests because public centers do not have the same operating costs as a private business does. Representative Anderson also discussed having a process in place where public child care should only be provided in places where those services are not available or provided by private providers.

Board Action: The Board decided they would draft a letter and send it to the legislature for their review.

Issue #3: Review and Approval of letter to Government Operations Committee regarding contracting management for state parks, selling state golf courses, and privatizing retail and/ or wholesale of state liquor sales.

Board Action: The Board reviewed and approved a formal letter that they sent to the Government Operations Committee.

Issue #4: Legislative Request for input on HB 174.

- The Utah Legislature requested that Privatization Policy Board review contracting for Medicaid Eligibility Determination Services under House Bill 272.

Board Review: The Board met with both the Department of Health and Department of Workforce services to try to get an understanding of the issues that currently exist and each department's perspective on eligibility issues.

Board Action: The Board has followed up with both the Department of Workforce Services and the Department of Health. Upon doing so the Board decided to let Robin Riggs act a liaison for both Departments, as well as the Legislature. At this time no action has been formally taken by the Board.

Issue #5: How to move forward with cities and counties that submit service reports to the Board.

- Logan City contacted the Privatization Policy Board's research analyst in an attempt to provide the Board with their service reports.

Board Review: The board had a discussion on the proper steps to take and how to meet the Board's mandates.

Board Action: No action was taken on this issue.

Issue #6: How the Privatization Policy Board is to meet its Legislative Mandates.

- Throughout the year the Board has had an ongoing discussion on how it is to meet its Legislative Mandates.

Board Review: The Board wanted to clarify what its Legislative Mandates are and how they are to meet those obligations. Additionally, the board discussed the relevance and revision of the statutes to better meet the ability and opportunities to fulfill their mandates.

Board Action: The Board concluded that they do not have the resources to complete their obligations.

Issue #7: Survey of State Agencies to Create an Inventory of Whether Services are Governmental or Commercial in Accordance with Utah Code 63I-4-301

A survey has been sent out to all state agencies documenting whether the services provided by each agency are inherently governmental or commercial in nature. The Board is in the process of holding hearing with each agency to review their response to the survey. The following are some of the highlights from the Board's work in this area:

a. The Board invited the Department of Workforce Services (DWS), the Department of Human Services (DHS), the Department of Agriculture and Food (DAG), the Department of Health (DOH), the Department of Corrections (DOC), the Department of Environmental Quality (DEQ), and the Labor Commission to further explain and present services/functions they provide for the State of Utah.

b. The Board requested input from the Reason Foundation on best practices for privatization models, and sought out private business opinions addressing functions and services provided by the agencies invited to meet with the Board during the 2011 year and how those private enterprises could take on some of the functions the state is currently overseeing.

c. The Board determined that privatization opportunities exist within the retail/ wholesale function of the DABC, DNR State Park/Golf Course operations. The Board sent a formal letter to the Legislature suggesting that further privatization studies should be pursued.

d. The inventory of agency services (governmental vs. commercial) is approximately 50% complete. All surveys have been received with the exception of the Board of Education and the Career Service Review Board.