



Governor's Office of Management and Budget
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January 9, 2014

**Governor Gary R. Herbert,
President Wayne Niederhauser,
Speaker Rebecca D. Lockhart, and
Members of the Utah State Legislature**

2013 Annual Report of the Free Market Protection and Privatization Board

The Free Market Protection and Privatization Board ("the Board") was established by the legislature (see UCA 63I-4a-203(1)) to:

(a) determine whether an activity provided by an agency could be privatized to provide the same types and quality of a good or service that would result in cost savings; (b) review privatization of an activity...; (c) review issues concerning agency competition with one or more private enterprises...; [and] (d) recommend privatization of an agency if a proposed privatization is demonstrated to provide a more cost efficient and effective manner of providing a good or service.

The *Free Market Protection and Privatization Board Act* further directs the Board to:

(h)(i) prepare an annual report for each calendar year that contains: (A) information about the board's activities; (B) recommendations on privatizing an activity provided by an agency; and (C) the status of the inventory created under Part 3, Commercial Activities Inventory and Review; (ii) submit the annual report to the Legislature and the governor by no later than January 15 immediately following the calendar year for which the report is made; and (iii) each interim, provide an oral report to the Government Operations Interim Committee and the Economic Development and Workforce Services Interim Committee.

Here is our report for 2013.

As noted in last year's interim reports, House Bill 94 (2013 General Session) changed the Board's membership, reduced the terms of appointees, moved staffing of the Board to the

Governor's Office of Management and Budget ("GOMB"), and with adoption of the budget, funded the Board (in GOMB) with one-time funds. This makes possible the staffing of the Board and the possibility of contracting consultants where needed, if needed. Nine members of the Board were newly appointed in 2013; at year's end there is one vacancy.

The Board met five times in 2013, beginning in July. Its focus has been to survey agencies in review of the Commercial Activities Inventory and to study opportunities for privatization and complaints of unfair competition.

The Board reworked its mission based on legislatively required duties, commenced work on the processes to follow in fulfilling its mission, and has created advisory committees to focus its efforts.

In 2013, the Board commenced the biannual review of the Commercial Activities Inventory, last done in 2010-11. To date, inventories for the following agencies are updated and posted online:

- Department of Environmental Quality
- Department of Heritage and Arts
- Department of Insurance
- Department of Technology Services
- Department of Transportation
- Public Service Commission
- Utah State Tax Commission

Surveys have been issued to another 15 agencies. Remaining agencies will be surveyed and the inventory updated in 2014. An advisory committee has been formed to review privatization potential at the Department of Technology Services.

The Board considered privatization suggestions for Fleet Operations and Surplus Property. The Board agreed with the Department of Administrative Services that the Governor's Operational Excellence initiative should be allowed continue with these programs.

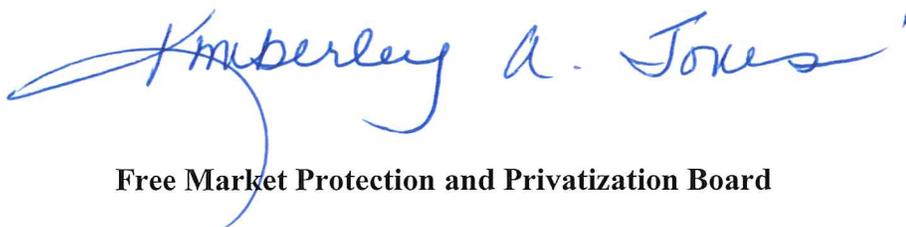
The Board reviewed a case study developed by the Division of State Parks and Recreation and Board staff to outsource the division's telephone call center for campsite reservations. Implementation of that change saves the state \$99,700 in FY 2014 and over \$150,000 annually on an ongoing basis.

Regarding complaints of agency competition with the private sector, the Board has established an advisory committee to review student information systems at the Utah State Office of Education.

The *Act* requires the Board to develop an accounting method and a process for reviewing privatization of an activity. A request for proposals has been issued and bids received for development of a structured privatization review process to meet the requirements of the *Act* and limitations of the Board.

The Board, which is appointed by the Governor and includes by statute four members of the Legislature, requests to use the Legislature's technology and resources to calendar, record, and broadcast its meetings on the Legislature's website. The Board will continue to use the Governor's website and Utah's Public Notice Website as before.

Sincerely,



Free Market Protection and Privatization Board

Kimberley Jones, Chair
Brian Gough, Vice-Chair
Sen. Howard Stephenson
Sen. Karen Mayne
Rep. Johnny Anderson
Rep. Lynn Hemingway

Thomas Bielen
Sherrie Hayashi
Randy Simmons
Kerry Casaday
Manuel Torres
Al Manbeian

Robert Myrick
Steve Fairbanks
Louenda Downs
LeGrand Bitter

Staff: Clifford Strachan, Governor's Office of Management and Budget

For copies of this report, past reports, minutes, the Commercial Activities Inventory, or other Board materials, please go to <http://governor.utah.gov/privatization>, or contact Clifford Strachan, Program Specialist, Governor's Office of Management and Budget, at 801-538-1861. Information on meetings is posted on the Utah Public Notice Website at <http://www.utah.gov/pmn/index.html>.