

**Minutes of the
Free Market Protection and Privatization Board**

Thursday, April 10, 2014 - 2:00 p.m.

Room 20, House Building

State Capitol Complex

Members present:

Kimberley Jones (Chair), Sen. Karen Mayne, Rep. Lynn Hemingway, Thomas Bielen, Sherrie Hayashi, Kerry Casaday, Manuel Torres, Al Manbeian, Bob Myrick, Russell Anderson, Louenda Downs, and LeGrand Bitter

Members absent:

Brian Gough (Vice Chair), Sen. Howard Stephenson, Rep. Johnny Anderson, Randy Simmons, Steve Fairbanks

Staff present:

Cliff Strachan, Governor's Office of Management and Budget (GOMB)

Note: Additional information including related materials provided at the meeting can be found at <http://gomb.utah.gov/operational-excellence/privatization-board/> and the Utah Public Meeting Notice Website (<http://www.utah.gov/pmn>). There is no audio record available for the meeting because the recording device failed to record.

1. Welcome and Introductions

Kimberley Jones chaired the meeting. She noted Rep. Anderson was excused and that Sherrie Hayashi would arrive late. She invited new board member Russell Anderson to introduce himself.

2. Public Comment (10 minutes)

No members of the public were in attendance.

3. Board Business/Minutes

a. Minutes from January 9, 2014

Motion: Louenda Downs moved to approve the minutes of the January 9, 2014 meeting. CARRIED

b. Legislation Session Update

Cliff Strachan reviewed legislation from the 2013 General Session that affects the board. He noted that the board name has officially changed to the name the board has been using, noted that practices required concerning notice of meetings and meeting materials being available online are already in place for the board.

c. Privatization Process Advisory Committee

Mr. Strachan discussed the activities of the advisory committee, referenced the PowerPoint presentation in the meeting packet, meetings between the consultants and state agencies, and the schedule included in the scope of work.

3. Commercial Activities Inventory (CAI)

a. Board of Pardons and Paroles

No presentation was made but Sen. Mayne asked Greg Johnson, Administrative Coordinator at the Board, about fleet matters.

b. Department of Financial Institutions

No presentation was made. Bob Myrick noted that the agency is funded by assessments to banks and subject to personnel turnover as banks will often hire staff trained to do bank inspections. He said that the banking association previously recommended an increase of fees to cover training and provide for competitive salaries in the agency. He wondered if other agencies had similar problems. Rep. Hemingway commented that the Public Utilities Commission is similarly structured. LeGrand Bitter noted Environmental Quality also has a strong fee structure.

c. Utah State Office of Rehabilitation (USOR)

Russ Thelin and Stacey Cummings provided an overview of USOR services by division. Much of the discussion centered on vocational rehabilitation services. The board heard that about 50 percent of funds go to direct client services and that the ROI (return on investment) for services is \$5.64 per dollar invested in the programs. Asked how they measured success, Ms. Cummings stated they look at the economic impact of salaries from successfully placing clients in employment situations.

During the presentation and discussion, the board heard that rehabilitation services leading to a vocational outcome are for all types of disabilities (including physical, emotional, and intellectual) and that USOR has a relationship with DWS (Department of Workforce Services) insofar as DWS helps place people in their programs. Board members noted that outsourcing as listed in the inventory is understated as many services and trainings are done by private vendors. Federal rules tied to federal funding means that some services are required to be completed by employees of the agency but clients do get referred out for extra services or for resources unavailable in USOR. USOR has many relationships with nonprofits such as the independent living centers around the state. The board also heard about the federally funded Business Enterprise Program available to blind and visually impaired clients. Asked about screening of contractors and accountability for funds, Mr. Thelin noted that USOR necessarily monitors spending.

4. Review Privatization of an Activity

Mr. Strachan briefed the board on two projects he's working on:

- i) a total cost of ownership (TCO) study of payroll and human resources at the state level, and
- ii) outsourcing third party liability claims processing and collections.

He also noted that he's been directed to hold off for at least a few months on reviews of agency activities and any projects for five departments (Health, Human Services, Workforce Services, Environmental Quality, and Corrections) as GOMB is focussing on operational excellence initiatives in these agencies at request of the governor. This means that planned CAI reviews for Health, Human Services, and Workforce Services will not be forthcoming before end of summer.

Sen. Mayne suggested that the board look at STEM.

Al Manbeian wondered if the board shares the CAIs with legislative appropriations subcommittees relevant to particular agencies. Staff noted the inventories are available but no direct reporting to these has been done. Staff could send the completed CAIs to appropriations subcommittee chairs if the board wishes.

5. Review Issues Concerning Agency Competition with the Private Sector

a. Competition Review Advisory Committee

Mr. Strachan discussed the work of the committee to date and noted there are challenges getting useful data from the State Office of Education. He said a survey of local education authorities (LEAs) shows mixed results, most use the state student information system because its free and many are reluctant to change because of the pain involved in changing programs.

He also advised that the committee is looking at aerial graphics services provided by LASSI Service Center (Utah State University) and a next step is to bring USTAR (Utah Science Technology and Research) to present because USTAR's mission is to bring the results of higher education research and development into the private sector.

6. Other Business/Adjourn

Motion: Rep. Hemingway moved to adjourn. CARRIED

Scheduled Board meetings:

- Thursday, May 8, 2014 at 2 pm in 20 House Building

Advisory Committees:

- Competition Review - April 24, 2014 at 10:00 AM, Seagull Room, Senate Building
- Privatization Process - April 29, 2014 at 2:30 PM, Room 240, Capitol Building
- DTS Review - TBD