

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

Thursday, January 8, 2015 - 2:00 p.m.

Room 215, Senate Building

State Capitol Complex

Members present:

Kimberley Jones (Chair), Brian Gough (Vice Chair), Sen. Karen Mayne, Rep. Johnny Anderson, Thomas Bielen, Randy Park, Manuel Torres, Al Manbeian, Russell Anderson, Bob Myrick, Rick Jones, Jacquie Nielsen, Steve Fairbanks. Louenda Downs, LeGrand Bitter

Members absent:

Sen. Howard Stephenson

Staff present:

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

Note: Additional information including related materials provided at the meeting and an audio recording of 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>).

1. Welcome and Introductions

Kimberley Jones chaired the meeting.

2. Public Comment (10 minutes)

Marc Ursic, Renaissance Academy, spoke against privatizing the state's student information system. He noted that charter schools are not on the same financial footing as school districts but is willing to pay for Aspire in order to stay with it.

3. Board Business/Minutes

a. Minutes from December 11, 2014

Motion: Louenda Downs moved to approve the minutes of the December 11, 2014 meeting. CARRIED

b. Report Concerning the Utah State Office of Education (USOE) and a Complaint of Unfair Competition in Student Information Systems

Cliff Strachan summarized the draft report's findings and recommendations. He noted that both parties had reviewed and commented on the draft report (with their written comments attached in the report's appendix). Should the board issue the report, it will be sent to the agency head, the governor, and the legislative fiscal analyst which should provide the report to the Public Education Appropriations Committee.

Chairwoman Jones invited Messrs. Andelin and USOE staff to address the board.

Kendall Andelin, Relational Data Corporation, summarized the complaint against USOE, endorsed the draft report, and asked that legislators legislatively support its recommendations. Nathan Andelin, Relational Data Corporation, called the report a transition noting it is a step toward privatization and asked that the issue be moved forward.

Judy Park, Utah State Office of Education, shared her thoughts, noting that she believes the information provided by USOE has been complete. She noted that USOE has a mandate to collect, maintain, and protect student data. Student data is a sensitive issue and it should make this issue different than other issues that come to the board. She noted there are ten different student information systems in the state and that the state's system was a collaboration by school districts and USOE to meet a need. She noted that superintendents are concerned about what happens in a privatization of Aspire, noting that the state's previous withdrawal from financial information systems created a costly burden on local education agencies (LEAs). She urged caution as the board moves forward noting that taxpayer dollars need be spent efficiently.

Staff reiterated that under the board's report and recommendations, that Aspire does not go away completely and it emphasizes a need to protect small LEAs.

Chairwoman Jones commented that the board looked at technology and policy needs in this matter. She invited board members to comment.

Board members asked about the process that led to the current student information system, questioned what USOE does that makes their security better than the private sector, talked about the relationships and communication between LEAs and legislators, asked whether firms like Relational Data Corporation's ability have the same capacity to update and secure data as does USOE, argued against language in the executive summary and the recommendations, including not wanting to create subsidy while creating transparency, cautioned that the public does not want government to choose winners and losers, nor does it want government to make risky or costly choices, reminded that it is important to ensure continuity and security for LEAs, supported sending the issue to the legislature to consider its creation [the state's student information system], encouraged competition but cautioned against competition that costs more, and expressed concern with the direction of the work. In discussing specific findings and recommendations the board made and debated the following motions:

Motion: Al Manbeian moved to accept the two main findings of the report: that there is an opportunity for privatization and there is opportunity to eliminate unfair competition. CARRIED 11 ayes, 4 nays (Mayne, Bielen, K. Jones, Gough)

Motion: Russ Anderson moved amend Recommendation 1d by deleting "LEAs subscribing to Aspire" and inserting in its place "all LEAs on a per student basis". CARRIED 13 ayes, 2 nays (Mayne, Downs)

Motion: Al Manbeian moved to create a Recommendation 1e "That consideration should be given to LEAs who have subscribed to an uncharged service and should be given funding consideration on a short term basis as needed." CARRIED 13 ayes, 2 nays (Mayne, Bielen)

Motion: Brian Gough moved to add the word "appear" to expressions of "unfair competition" in the Executive Summaries. CARRIED 14 ayes, 1 nay (Mayne)

Motion: Kimberley Jones moved amend Recommendation 2a by replacing the word “due” with “careful” and inserting the phrase “reviewing the pros, cons, and costs of” between the words “to” and “privatizing”.
CARRIED 14 ayes, 1 nay (J. Anderson)

Motion: Kimberley Jones moved combine Recommendations 2a and 2b as 2a and to renumber 2c as 2b.
CARRIED 11 ayes, 4 nays (Mayne, J. Anderson, Bielen, Gough)

Motion: Russ Anderson moved to approve the report as amended. CARRIED 13 ayes, 2 nays (Mayne, Bielen)

c. 2014 Annual Report

Mr. Strachan summarized the report, noting the final version needs to reflect the changes made to the previous report [referencing agenda item 2b].

Motion: Louenda Downs moved to approve annual report with changes consistent with the previous report.
CARRIED 13 ayes, 2 nays (Mayne, Bielen)

Sen. Mayne addressed the board, thanking its members for their good work, and for sharing in the “laborious” process with legislators. She talked about the diversity of interests and viewpoints of the membership and noted that the system works.

d. Proposed Meeting Schedule

Mr. Strachan proposed that the meeting schedule continues as it did in 2014 with meetings on the second Thursday of each month (except February and March when the legislature is in session) at 2:00 PM. Meetings will be in Room 30 House Building.

Motion: Kimberley Jones moved to accept the proposed meeting schedule. CARRIED

- 3. Commercial Activities Inventory (CAI)**
- 4. Review Privatization of an Activity**
- 5. Review Issues Concerning Agency Competition with the Private Sector**
- 6. Other Business/Adjourn**

Mr. Strachan commented on the work for the next year, noting that while the legislature was in session and the board would not be holding meetings, that he would be working with the consultants to complete the privatization process materials. He and Randy Park will be working on two projects with UDOT and testing the process. He will also apply the elements of review (tier 1) surveys to the existing Commercial Activities Inventory. He thank the board for its participation this past year and their help along the way.

Brian Gough thanked staff for his efforts to move the board’s work forward.

Louenda Downs commented on the process and expressed gratitude for the opportunity to serve with the board.

Kimberley Jones commented on the progress made by the board and its efforts to do meaningful things.

LeGrand Bitter expressed appreciation.

Motion: Louenda Downs moved to adjourn. CARRIED

Next Scheduled Board meeting:

- Thursday, April 9, 2015 at 2 pm in Room 30 House Building