

FREE MARKET PROTECTION AND PRIVATIZATION BOARD

Mission Statement

The mission¹ of the **Free Market Protection and Privatization Board** is to:

- **Study and consider privatization issues related to state agencies and local entities.** The board may review activities to determine (1) whether privatization of an activity, in whole or in part, would be feasible, result in cost savings, and result in equal or better quality of goods or services provided, and (2) ways to eliminate unfair competition with private enterprise.
- **Make recommendations concerning privatization or findings of unfair competition.** The board shall recommend privatization to an agency if privatization would be a more cost efficient and effective way to perform or provide an activity.

The **Free Market Protection and Privatization Board** will focus its attention on issues relating to privatization that involve agencies of state government, but may also study and make recommendations concerning local entities. To accomplish its statutory responsibilities, the board will:

- **Compile and maintain a *Commercial Activities Inventory*² to study.** The list will classify state agency activities as either commercial or inherently governmental in nature. The list will be available to the public.
- **Consider requests³ from interested parties.** The board may study an issue at its own initiative, by request of an agency, local entity, or private enterprise, in response to a complaint of unfair competition, or in consideration of a proposal made by any person. The board will consult, communicate with, and access information from agencies, other entities promoting privatization, managers and employees in the public sector, and other stakeholders.
- **Establish an accounting method⁴ that enables reasonable comparison.** The board is required to establish an accounting method that is similar to generally accepted accounting rules used by private enterprise and which allows an agency to identify the total actual cost of engaging in a commercial activity.

¹ See Utah Code Annotated 63I-4a-203 for a description of duties.

² UCA 63I-4a-302

³ UCA 63I-4a-203(1)(b)

⁴ UCA 63I-4a-205

- **Consider the relevant qualitative and quantitative factors⁵ pertaining to an agency activity.** The board will recommend privatization if it demonstrated to provide an activity in a more cost efficient and effective manner, once all factors (scope, cost, quality, risk, timeliness, demand, expertise, oversight, policy and best practices, and legal and practical impediments) are considered. The following general criteria are helpful in determining the merits of privatization:

Privatization is desirable when:

1. It is likely to reduce cost(s) to taxpayers or customers.
2. It is likely to improve the quality, timeliness, effectiveness and efficiency in the performance or provision of an activity.
3. Private sector entities are readily available and willing to provide the good or service, and there is sufficient competition to do so.
4. Sufficient controls are in place to protect the public from incompetence, misuse of funds, and to ensure the integrity of the contracting and procurement process to provide for fair competition in securing government contract(s).
5. It eliminates or reduces unfair competition with the private sector and state agencies or local entities can continue to meet their statutory requirements.

Privatization is Undesirable When:

1. It is likely to increase cost(s) to the taxpayers or customers.
 2. It is likely to diminish the quality, timeliness, effectiveness and efficiency in the performance or provision of an activity.
 3. Private sector entities are not readily available or willing to provide the good or service, or privatization would create a reliance on a single source.
 4. Sufficient controls cannot be established to ensure protection of the public interest, the use of funds, etc.
 5. It impedes the ability of state agencies or local entities to perform their statutory requirements.
- **Provide public reports⁶.** The board is required to report annually its activities, recommendations, and status of the inventory to the Governor, the Legislature, the Legislative Fiscal Analyst and specific interim committees. It is also required to report its recommendations to studied agencies and local entities.

⁵ UCA 63I-4a-203(1)(d)

⁶ UCA 63I-4a-203(1)(h)