

Minutes of the Meeting of the Utah Privatization Policy Board
Wednesday, August 25, 2004 10:00 a.m.
Room 3150 State Office Building
Salt Lake City, Utah

Attendees:

Ramona Rudert, Jim Kesler, Bill Barton, Tanya Henrie, Senator Ron Allen, Ted Boyer, Michael Cragun, Douglas Richins

Excused:

Liz Hawkins

Absent:

Representative Brent Goodfellow, Scott Carver, Norm Tarbox, Douglas Durbano, Senator Dan Eastman

Visitors

Noall Knighton from Knighton Optical and Eric Knighton from Knighton Optical

Approval of Minutes:

The meeting was conducted by board chair, Ramona Rudert. With one correction a motion was made by Ted Boyer and Tanya Henrie seconded the motion and the minutes of the June 2004 were unanimously approved.

Presentation by Noall Knighton from Knighton Optical

Mr. Knighton gave his presentation objecting to the University of Utah Moran Eye Center competing with the private sector by providing optometric service to the private sector. Among Knighton's arguments were: Knighton Optical pays property tax and income tax. Moran Eye Center does not. Knighton stated that the Moran Eye Center's customers pay sales tax but the Moran Eye Center does not. Knighton Optical pays about \$90,000 in use tax per year and Moran Eye Center does not. Moran also collects sales tax but does not pay a use tax. Mr. Knighton indicated that insurance costs are huge. He pays out about 3 million per year. Moran Eye Center has the ability to rely upon the State Limit of Liability Act. Mr. Knighton's liability insurance is \$50,000 per year. Moran only has to pay \$10,000 per year in liability costs. The Moran Eye Center has four full time fund raisers. Curiously, Knighton said that the Moran Eye Center will also not accept patients from Healthy U. (a program for charity cases.) They won't even see them because it is not enough money for them. Mr. Knighton stated that the proliferation of Moran is ruining the private optometric industry.

Senator Allen stated that funding is cut to all educational entities including the Moran Eye Center. Presidents of higher education institutions and the Board of Regents all understand that they need to raise money from other sources because state funding is not going to be there and it is only going to get worse. They are pushing some of the government operations to privatize which make them automatic and stable competitors in the marketplace so you have some interesting political dynamics going on.

Other Business

1. Maxine Turner and Catering – It was decided that this decision was out of the scope of the Privatization Policy Boards influence.
2. Crack Sealing Issue – It was decided to take no further action with this issue.
3. State Fair – The State Fair is a private organization.
4. Whenever we have a news item the legislature will be informed.
5. Ted Boyer accepted the assignment to write a position paper about the Moran Eye Center/Knighton Optical issue.

September 2004 Meeting

The next meeting will be held on Wednesday, September 22, 2004

Issues for Privatization Board
Presented by Noall Knighton

1. Knighton Optical maintains lease awarded by competitive bid process at Moran Eye Center. Moran opened competitive optical store in Dec 2002.

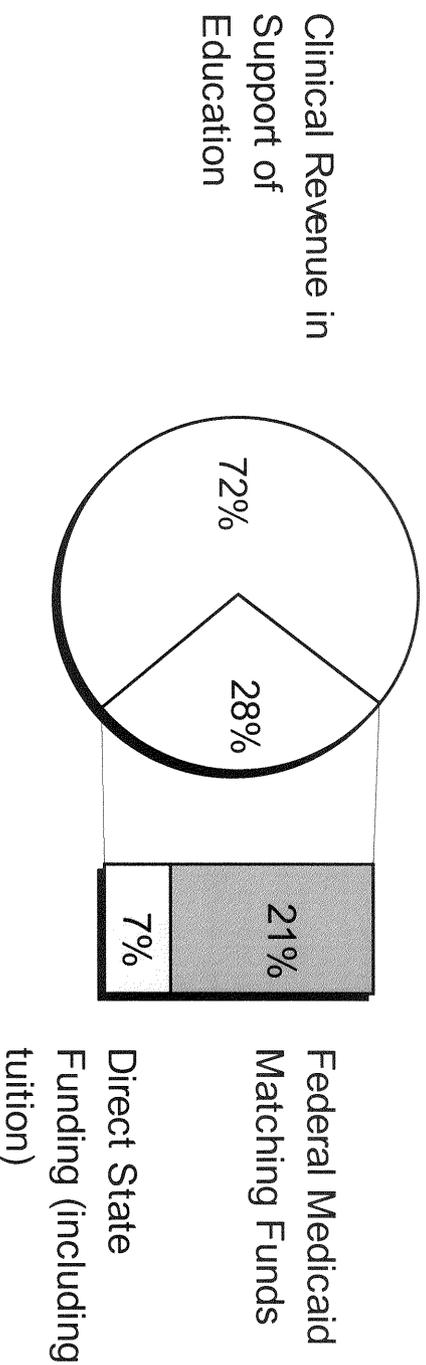
The Optical store is a commercial enterprise and does not have an educational or research mission.

2. Moran continues to open other stores in valley. These locations compete as commercial optical stores and with private optometrists. The university does not provide degrees in opticianry or optometry. The community in the private sector is serving these functions.
3. Moran plan to open lens production facility on campus to compete with private wholesale labs. This should be prevented.
4. Moran holds contracts with private, for profit health insurance companies such as Altius. I have spoken with Altius and they do not feel it necessary to have contract sent out for bid because the "University gives use such a good price." Price cutting by the University should be prevented.
5. The University should be prevented from competing with the private sector. The architects and engineers had legislation sponsored by legislator, SB20 in 2000 that prevented any university from using university, employees, students and assets in responding to RFP, and doing work that competed with the private sector.



University of Utah
Moran Eye Center

Annual Costs of Education = \$1.2 million



- The John A. Moran Eye Center is home to the University of Utah's Department of Ophthalmology & Visual Sciences and is widely regarded as one of the top vision research and treatment centers in the world. The center's 41 faculty members are committed to educate and train future eye doctors, to find cures for blinding eye diseases through research, and to provide compassionate health care to the community.
- The center's residency program is consistently ranked among the best in the country. More than 300 applications are received each year for the center's highly coveted residency and fellowship positions. In addition, dozens of medical students rotate through the center each year as part of their clinical training.
- As researchers, educators and physicians, the medical faculty at the Moran Eye Center provide cutting edge clinical care to patients. These patients provide students with exposure to a wide variety of diseases and conditions that is essential for success medical education.