

Public-Private Partnerships (PPP) Research & Education Needs

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Overview

- George Mason University (GMU)
 - School of Public Policy
 - Mason's new P3 Policy Program
- State of the academic research on P3s
- Some statistics of P3s
- The way forward

George Mason University

- Founded in 1972
- Virginia's largest university – Enrollment >33,000
- Three campuses (Fairfax, Arlington, Prince William)
- Distinctions:
 - Ranked #1 “Up-and-Coming University” U.S. News & World Report (2012)
 - 2006 NCAA Men's Basketball “Final Four”

Up-and-Coming Schools National Universities

[Up-and-Coming Schools Methodology](#)

In spring 2012, for the fifth year in a row, *U.S. News* asked the experts who respond to our annual peer assessment survey to identify institutions...

Save	Rank	School
<input type="checkbox"/>	#1	George Mason University Fairfax, VA



GMU School of Public Policy (SPP)

- Established in 1990
- Over 1000 graduate students
 - Over 80 faculty and 150 PhD Students
- 13 Research Centers
 - Center for Transportation Policy, Operations and Logistics
- Recent Projects:
 - Building the Capacity for Multimodal Transportation Planning in Virginia (2012)
 - State Infrastructure Banks: A Virginia Perspective (2011)
 - Policy Options for Secondary Road Construction and Management in the Commonwealth of Virginia (2010)

Transportation P3 Policy Program

- Launched in 2012
- Commonwealth of Virginia Office of Transportation PPPs
- Dedicated to research and education about transportation P3 policy



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WHERE INNOVATION IS TRADITION

Mason's School of Public Policy Inaugurates Program in Public-Private Partnership Policy

Posted: September 10, 2012 at 2:52 pm, Last Updated: September 10, 2012 at 2:57 pm

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Arlington, Va. – George Mason University's School of Public Policy has launched a new program dedicated to research and education related to public-private partnerships. The Transportation Public-Private Partnership Policy Program will be led by Jonathan L. Gifford, director of the Transportation Policy, Operations and Logistics Program in the School of Public Policy.

"Virginia Secretary of Transportation Sean Connaughton and I believe that increased research and education on the development of public-private partnerships will enhance the use of this procurement tool and emphasize its long-term benefits," said Tony Kinn, Director of the state's Office of Transportation Public-Private Partnerships.

State of the P3 Research

Economic Benefits

- Expansion of a society's capacity to invest in infrastructure, in an era of limited government ability
- On time, on budget project delivery
- Appropriate allocation of project risks to public & private partners enables reduction of project costs
- Bundling of project stages can achieve lower life-cycle costs of projects (e.g. pavement quality, etc.)
- Innovative, cost saving practices of private sector can achieve lower project costs

State of the P3 Research

Economic Benefits

- P3s incur higher transaction costs due to their complexity and long negotiations (e.g. legal, engineering, financing, etc.)
 - Due to the high transaction costs, P3s are economically justifiable only for large projects (e.g. minimum threshold of £20million in UK)
- Subject to risks that are common to all large projects (e.g. demand, construction, political, environmental)

State of the P3 Research

Research Findings

- Scarce, due to long life-span of P3 projects and data limitation
- Some findings of P3s in EU:
 - Societal transaction costs can be substantially higher
 - Higher construction costs and lower life-long costs: Construction costs at the financial close – on average 24% higher than traditionally procured projects

State of the P3 Research

Research Needs

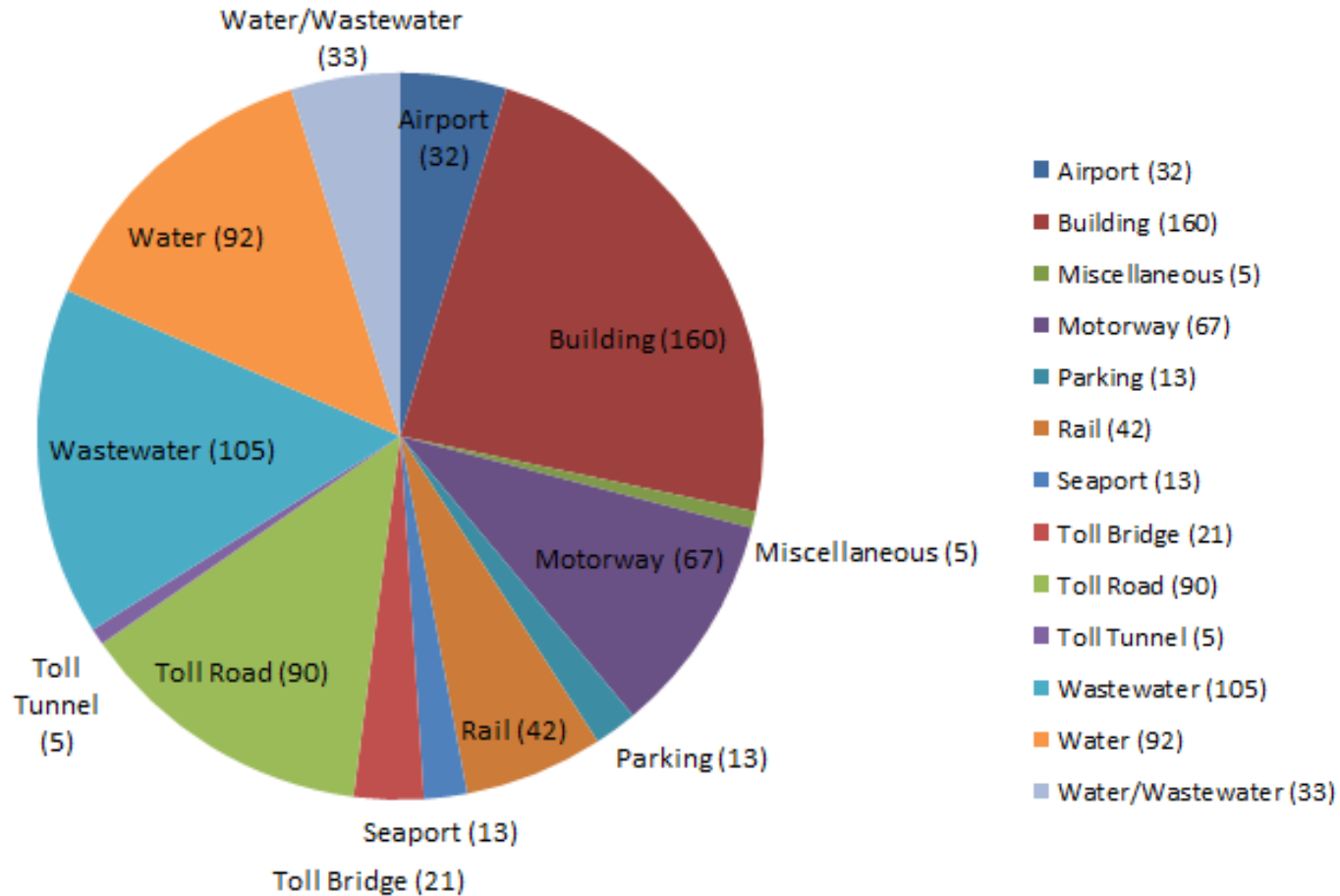
- Governance aspect of P3s in a democratic context, e.g. decision making of P3s and public participation
 - Education of the public?
 - Accountability of P3s?
- Rapidly changing political climate surrounding P3 policies
 - Anecdotal evidence of fluidity in the attitudes of traditional opponents, such as job security concerns of unions
- Spotty researches: associations between institutional and other factors and the success/failures of P3s
- Alternative frameworks are emerging but still limited:
 - Principal-agent framework
 - Complexity framework
 - Social network framework

State of the P3 Research

Program Evaluation/Analysis

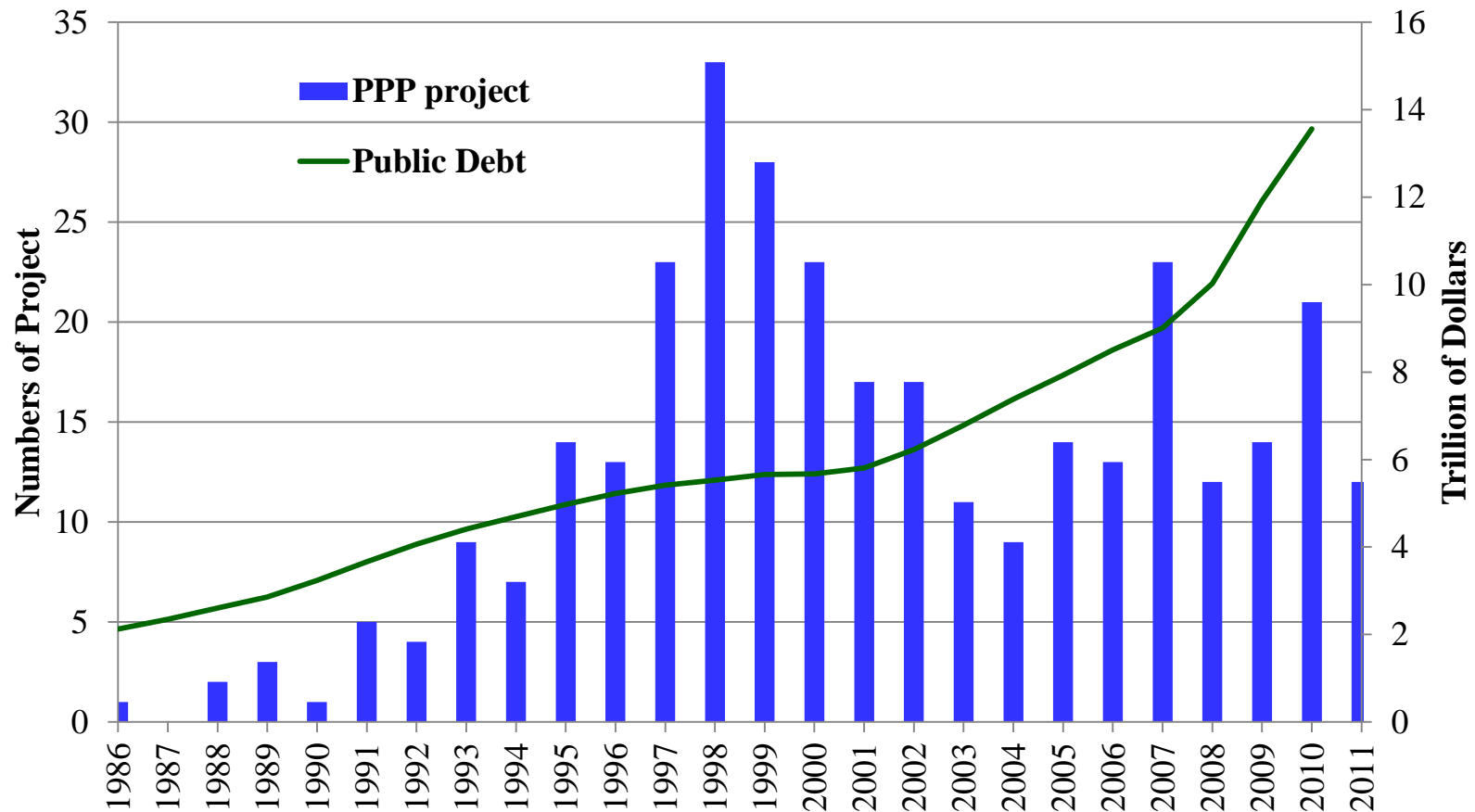
- Value for Money (VFM) is a popular approach to evaluate whether P3 is viable for a project
- VFM commonly used in EU, Australia, Canada and other nations
- In some nations, there are standards of VFMs set forth by their governments
- In US, VFM use is limited and they are often conducted in-house: VFM is not standardized

Type of P3 Projects in the United States, 1986-2011



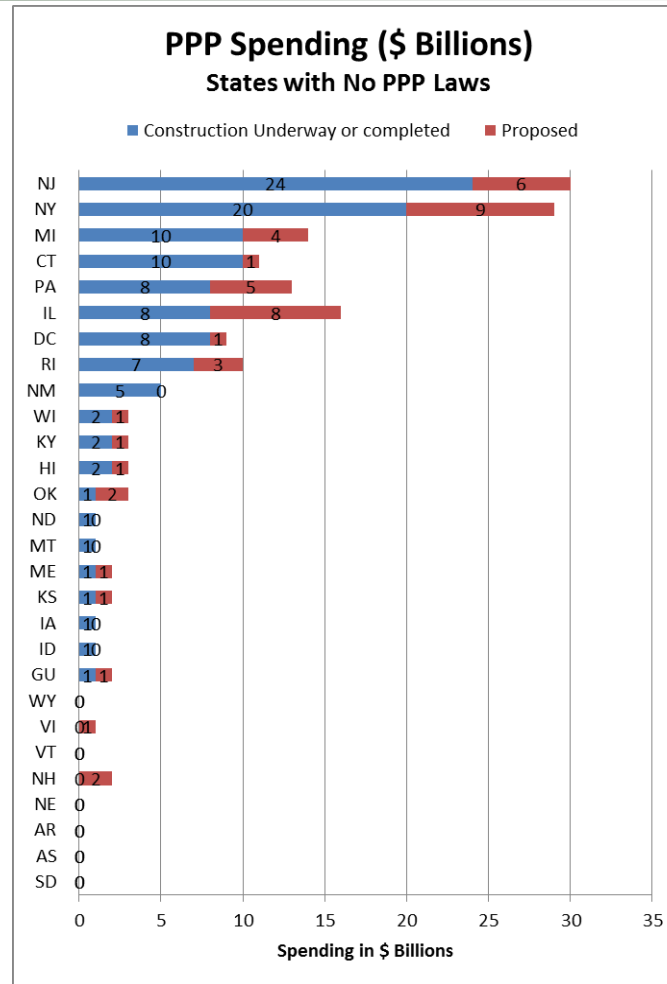
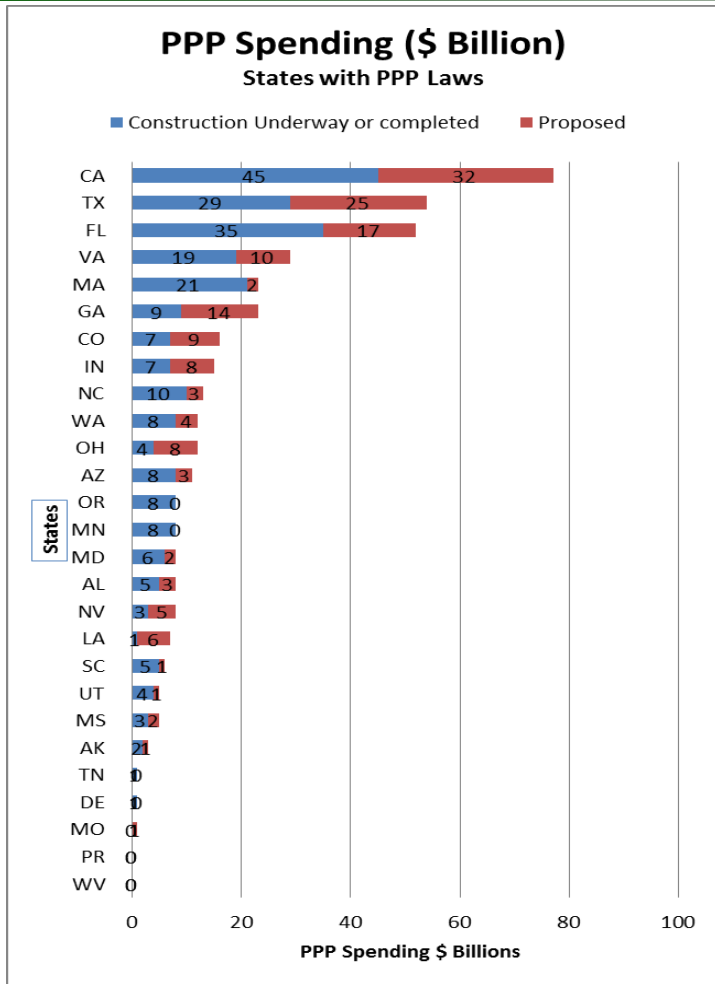
Data Source: Public Works Financing

Non-Military P3 Projects Underway or Completed in the United States, 1986-2011



Data Sources: Public Works Financing and U.S. Department of the Treasury, Bureau of Public Debt.

Distribution of P3 Project across US States



Data Source: Public Works Financing

The Way Forward

Research Frontier

- Empirical evidences should validate the hypothesized cost savings of the P3s.
- Need to critically analyze the project evaluation methods.
- Research on the public perception and political dynamics are needed

The Way Forward

Prospect of P3s – the keys for success

- Educating the public
 - P3 benefits, costs and risks communicated in the lay language
- Build a record of successful cases
- Continue learning from the lessons
 - Post delivery project performance analyses
 - Transparency and disclosure of project information

Transportation P3 Policy Program Activities

- Documenting case studies
- Developing best practice guides
- Developing analytical tools and frameworks for assessing the financial viability of P3s
- Comparative studies of U.S. and international experience
- Policy analyses
- Graduate/Executive/Public education
- Sponsoring P3 workshops and conferences

TP5 2012/2013 Roadmap

- Recruit advisory board [Fall 2012]
- U.S & international P3 transportation case studies [Fall 2012]
- Transportation P3 “best practice” white paper [Spring 2013]
- Transportation P3 research & policy white paper [Spring 2013]
- P3 Policy National Conference at GMU [May/June 2013]
- Graduate and executive education materials [Summer 2013]

Questions?

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