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How Governments Can Maintain Strong Public-Private Partnerships.

The biggest risk to public-private partnerships in governing is not financial or technical, but political, says Justin Marlowe, professor in the University of Washington's Evans School of Public Policy & Governance.

Marlowe is the author of a new Guide to Financial Literacy, his fourth, published in August by Governing magazine.

The [first volume](#) was a general primer on public finance, [the second](#) was about managing a jurisdiction's financial health and [the third](#) was an overview of public-private partnerships — which are called P3s for short. The [new fourth volume](#) continues that discussion and is subtitled “Ensuring Public-Private Partnerships that are Built to Last.”

In the new guide, Marlowe writes that public-private partnerships “are here to stay ... they're now a core part of the state and local government infrastructure tool kit.” They're also more “complex and intricate” than ever, he writes, now being used for projects including “social infrastructure” like courthouses, affordable housing, university research facilities, stormwater management and more.

Government staff, Marlowe writes, can manage financial aspects of public-private partnerships with good contracts, insurance and service agreements and they can control technical risks with good designers and design processes.

Policymakers, however, are harder to manage — sometimes they just change their minds.

“They can decide a P3 is longer a priority. They try to modify its core service delivery model. They can change the criteria to evaluate a P3's success,” Marlowe writes. “All these changes are well within the purview of most state and local elected officials. If any of these happen, a P3 will quickly fall out of alignment and fall short of its objectives.”

Marlowe pens the financial guides with newly elected or appointed government officials in mind. They have the job, but many come to office knowing little or nothing about public finance. The guides are meant to help such officials better understand their role in the world of government finance.

The new guide features “Ten Tools of P3 Governance,” a set of techniques public managers can use to increase the chances that a public-private partnership will succeed. The list includes best practices such as key performance indicators, contingency payments and routine performance audits, among others.

Marlowe plans no further volumes of the financial guide — though he notes also that he's said after volumes two and three as well.

“I do hope that someone else can take the financial literacy format and run with it,” he said. “There's

no end to the demand for thoughtful, credible, accessible explanations of public finance.”

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by Peter Kelley

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