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## The Benefits of Private Financing for Public Works.

President Trump has announced the outlines of an ambitious $1 trillion agenda to rebuild America's crumbling roads and bridges, outdated water systems and dilapidated public buildings. While the general goal of investing in infrastructure has broad bipartisan support, Mr. Trump's call for relying heavily on private financing has come under fierce criticism. As consultants and advocates for such public-private partnerships, we believe those attacks are wrongheaded.

Critics assert that public-private partnerships enrich investors at taxpayers' expense, are more expensive and less accountable, lead to public bailouts and do little to help rural areas. But this ignores strong evidence to the contrary in states like Pennsylvania, New York, Florida, Colorado, North Dakota and California.

The private sector is already involved in building our infrastructure, but usually with public funds. President Trump would allow private investment in those projects for a good reason: private funds increase accountability. As a partner in a public project, the private sector is on the hook for cost overruns and delays and may be contractually obligated to pay hefty fines or other penalties when the results are lackluster.

If a project is behind schedule or over budget, private companies pay a hefty fee and make up the difference, since they financed that project. If a project isn't maintained and operated according to strict standards throughout the contract, the private sector could pay substantial fines. The same is often not true of purely publicly financed projects.

There is a widespread perception that most public-private transportation projects sell off assets or give private companies the authority to collect tolls. But this is not usually the case. Of the 18 public-private transportation projects advanced since 2010, only eight involved transferring toll or revenue risk to the private sector. Most projects involve contracts that pay companies based on performance, not toll collection.

In 2015, an official from the Congressional Budget Office testified that there is "little evidence that public-private partnerships provide additional resources for roads." But this assertion ignores the ways private financing increases fiscal discipline and accountability by shifting the risk of cost increases, delays and revenue performance from the public onto private investors.

La Guardia Airport, often mocked for its antiquated facilities, is today completely overhauling its central terminal, thanks to a public-private partnership. Almost 80 percent of the $8 billion design and construction costs will be paid for by private financing and existing passenger fees. The risk of cost overruns or construction delays is transferred from the Port Authority to a private consortium.

Project owners of such partnerships estimate that their projects have saved taxpayers on average about 25 percent, including on the construction of the PortMiami Tunnel and the expansion of Denver's mass transit system. A public-private partnership is on track to deliver the Interstate 4 highway expansion in Florida with an estimated $1.4 billion in savings, faster than originally projected.

We believe public-private partnerships can help rural America and would urge skeptics to consider that in Pennsylvania, 558 deficient rural bridges are being replaced at least 10 years early through a $1 billion public-private project. In Merced, Calif., the University of California system is doubling the size of its campus — which mostly serves rural students — with a $1 billion public-private project. And in Fargo, N.D., a public-private partnership is working with the Army Corps of Engineers on a $2 billion project to alleviate flooding.

Criticism of these projects has also been directed at a few projects that have gone bankrupt, as evidence that they hurt taxpayers. One such project, the South Bay Expressway in San Diego, earned lower-than-projected revenue because of the Great Recession and the Southern California housing market collapse. But no state funds were used for the project, and taxpayers were largely protected in the bankruptcy. The regional authority purchased the rest of the project for significantly less than the private partner's construction cost.

We simply can't waste billions of dollars on delays and cost overruns if we are to deliver more than $4 trillion in much-needed infrastructure repairs and expansion. Business as usual is simply not an option. Projects like the Big Dig in Boston (which was an estimated $12.4 billion over budget) are occurring every day at taxpayer expense. It costs more to build new transit systems in the United States than in most other developed nations.

Critics of partnerships have one fact right: Private financing can never fully replace the need for federal and state funding. Private investment, however, can help leverage limited but essential public dollars into successful projects that are completed ahead of schedule, at lower cost and with greater accountability.

When Congress begins considering an infrastructure plan, members should seriously explore President Trump's idea of using private financing as a catalyst. Private funds are not going to single-handedly solve our nation's huge infrastructure needs, but they must be a critical piece of the equation.

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