
A Glimpse Into the Future of P3s.

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These are dark days for public-private partnerships. President Trump's P3-focused infrastructure finance plan was dismissed by Congress as a dead-on-arrival proposal. Earlier this year, more than 80 organizations and trade unions signed a letter imploring the World Bank to stop supporting infrastructure P3s. One of the biggest in recent history, the Indiana Toll Road, fell into bankruptcy last year after a long and difficult ride.

Does this mean P3s are a passing fad? Far from it. Most trends suggest the U.S. transportation P3 sector is just getting off the ground. As long as the private sector has ideas to help deliver infrastructure faster, safer and cheaper, state and local politicians will be happy to listen.

But all this focus on P3s for infrastructure misses a fundamental truth: The real money is not in roads and bridges. It's in people and services. Today the "Big 3" — education, Medicaid and corrections — account for more than two-thirds of total state spending, according to the National Association of State Budget Officers. By contrast, state spending on capital projects is barely 10 percent. The story is similar in cities and counties, where public safety and social services are crowding out all other spending.

This begs a natural question: Can P3s improve outcomes and drive cost savings in core state and local services? Fortunately, there are a few early examples where the answer is yes.

Consider Propel, a tech startup based in Brooklyn. It has developed a mobile app called Fresh EBT that serves food stamp recipients. The free app allows recipients to track their spending, develop a grocery budget and find sales at local participating grocery stores. In turn, Propel makes money by selling ad space on its app. Early results show Fresh EBT customers stretch their benefits further and eat healthier. Either way, it's an intriguing new form of P3 with big implications for local public health directors, among others.

The ultimate measure of success is scalability. Food stamps reach 45 million people and account for $70 billion in annual federal and state spending. That's why it is no surprise that some of Silicon Valley's top venture capitalists have lined up to invest millions in Propel.

Another example is Honor, an app that serves the $250 billion home care industry. Millions of elderly Americans need some combination of non-medical in-home services like preventive health care, transportation and nutrition monitoring. Honor offers a wide range of these types of services on demand. Home care providers pay Honor to make their services available on the app. Better access to home care can help keep millions of seniors out of expensive, residential assisted-living units. That's an enticing value proposition for state Medicaid directors.

To be clear, these Silicon Valley-style P3s raise several concerns. Smartphones are a great way to reach low-income Americans, but they can't reach everyone. Like any app, these innovations raise questions about data privacy and security, especially around banking records and other sensitive information. And some worry these tools oversimplify the complex social safety net, and that could encourage damaging cuts in social workers and other wraparound services. If these P3s are to be successful, these are just a few of the challenges they'll need to work through.

This latest wave of P3s leverages private-sector innovation to change how underserved populations interact with the social safety net. Perhaps more important, small changes at the margins, such as making these programs work more efficiently and effectively, could mean billions in state and local savings. The possibilities are endless. Where is the app to improve on-demand access to paratransit services? Or to help recent parolees find a job? Or to help better manage government fleet vehicle maintenance? Those may not be the most exciting apps, but they're the P3s we need now more than ever.

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JUNE 2018