Highway and Light Rail Public-Private Partnerships in the U.S.: Protecting the Public Interest

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Topics

• What factors are driving consideration of public-private partnerships in the U.S.?

• What are the key issues in addressing the public interest in public-private partnerships?

• What work is GAO doing?

• What is the current policy environment regarding public-private partnerships in the U.S.?
What factors are driving consideration of public-private partnerships in the U.S.?

- Mobility challenges
  - Congestion increasing rapidly
- Transportation financing challenges
  - Federal fuel tax revenues not keeping pace with demands and may not be sustainable
  - $34.5 billion in general revenues have been used to fund authorized infrastructure expenditures since FY2008
- Public-private partnerships are one financial mechanism amongst others to promote private sector investment
  - TIFIA loans and loan guarantees
Key issues in addressing public interest in public-private partnerships

• How can public agencies maximize the potential benefits of public-private partnerships and best manage risks?
• What mechanisms can help ensure that public interest at all levels are identified, evaluated, and protected?
• What role should the federal government play in identifying and protecting national public interests?
  ▪ Federal role limited to infrastructure that receives federal funding (for interstates and non-interstates)
What work is GAO doing?
Highway public-private partnerships

• Scope of Work
• Key Findings
  ▪ Need for more systematic approach to assess and evaluate elements of the public interest when considering and evaluating a potential public-private partnership
  ▪ Chicago Skyway
What work is GAO doing?
HOT lanes public-private partnerships

• Scope of Work
  • Key Findings
    ▪ Need to balance public goals to manage congestion with private goals to meet toll revenue targets on High Occupancy Tolled (HOT) lanes
    ▪ I-495 Beltway
What work is GAO doing?
Light rail public-private partnerships

• Scope of Work
• Key Findings
  ▪ Use of standards to ensure adequate performance
  ▪ Flexibility to revisit concession agreement terms
  ▪ Use of federal conditional funding approvals to attract multiple private bidders
  ▪ Need for technical assistance
What is the current federal policy environment regarding public-private partnerships?

Proposed Senate Legislation

• Reduced apportioned federal funds to states that have public-private partnerships.

• Ten-fold increase in TIFIA federal loans and loan guarantees for infrastructure projects to attract private investment which can also be used in public-private partnerships.

• Increased federal share of project costs from 33 percent to 49 percent for TIFIA federal loans and loan guarantees.
Concluding Remarks

- Public-Private Partnerships in the U.S. have been limited
- Concerns about protecting the public interest have been a barrier to public-private partnerships
- More rigorous assessment and evaluation of elements of public interest in public-private partnerships could address concerns
- Current proposed legislation for increased use of TIFIA federal loans and loan guarantees and greater share of federal funds for project costs which can be used in public-private partnerships
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