POTENTIAL PITFALLS OF PRIVATIZATION
WHY YOU SHOULD BE WARY OF PRIVATIZATION

Privatization occurs under different names, such as “outsourcing,” “contracting out,” and “public-private partnership,” but, ultimately, it’s removing a public good, service, or asset from public, democratic control and placing it under private control by a corporation or other private entity. While the specifics of privatization deals vary, what makes the difference is who controls the public good, service, or asset.

Examples of service privatization include outsourcing the provision of health or social services, road maintenance, food service at the local school district, custodial service for public buildings, public transit, the operations of jails or prisons. Examples of privatizing assets include signing a public-private partnership to build a new highway or leasing a drinking water system to a corporation. Privatization can also come in the form of a privately managed parallel system that siphons off public funds from the public system, such as charter schools.

WHAT ARE THE IMPACTS?

• **Loss of democratic control.** Key decisions and day-to-day operations are controlled by private corporations, instead of publicly accountable public servants and decision-makers. For example, many public-private partnership contracts include “non-compete” and “compensation” clauses that limit or eliminate the public’s ability to make critical decisions necessary to improve our cities, address inequalities, and tackle climate change. In 2009, Chicago signed a 75-year contract for the operation and maintenance of the city’s parking meters, which restricts the city from making improvements to streets that contain meters, such as adding bicycle lanes or expanding sidewalks because these types of projects might “compete” with the parking meters, and decrease corporate revenues.¹

• **Little or no cost savings.** In most cases, cost savings fail to materialize or do not reach levels promised by the contracted private entity. A private company may overestimate cost savings in an attempt to win a contract. Cost overruns and change orders may occur, driving up the cost to the locality. For example, New York City contracted with a private company on a project called CityTime, an effort to save money by consolidating and automating records of the time clocked by city workers. The CityTime project was originally supposed to cost $63 million. But after 12 years and many missed deadlines, the project remained unfinished and cost taxpayers more than $700 million—a 1,000% increase from the original contract amount.² In 2012, the company, repaid $500 million to the city to avoid federal prosecution.³

  Additionally, in some contracts, residents must absorb the higher costs of privatized services. For example, there has been extensive documentation of the impacts of privatization on water rates that show that households typically pay more for water provided by private corporations. A 2015 study by Food & Water Watch surveyed the country’s 500 largest water systems and found that, on average, private, for-profit utilities charged typical households 59% more than local governments charged for drinking water service.⁴

• **Reduced service quality.** Because a private entity’s primary concern is maximizing profits, there are inherent pressures to cut corners, such as paying employees less, employing fewer workers, using inferior materials, or making programmatic decisions that run counter to the public interest, resulting in diminished quality. For example, the Chicago School Board signed three-year contracts with Aramark and SodexoMagic
to clean the city’s schools. By privatizing janitorial services, the district hoped to save up to $40 million over the contract period. The companies reduced costs by cutting corners on staffing. Shortly after the start of the following school year, Aramark laid off 290 janitors. The schools became plagued with problems stemming from the lay-offs, including filthy classrooms, spilled milk left uncleaned, and overflowing garbage cans sometimes not emptied for weeks. Cockroaches, mice, and bugs, which were attracted to the trash, overran the buildings, and a number of schools called exterminators.

- **Loss of middle-class jobs.** Private companies will often change jobs from ones that sustain families and include healthcare and retirement benefits to become low-wage jobs without benefits, most of which are no longer unionized, when transferred to the private sector. African Americans are particularly impacted by this dynamic, as approximately one in five black workers hold jobs in government. Moreover, median wages earned by African American employees are significantly higher in the public sector than in other industries. Due to their prevalence in public sector jobs, African American workers are more likely to be affected when jobs are outsourced to companies that pay reduced wages and benefits, potentially losing stable footing in the American middle class, which can have long-lasting impacts for future generations.

- **Loss of accountability and transparency.** Localities can lose routine information about the service or asset under a privatization scheme. The privatized service may not be subject to open records laws, taking away the public’s access to key information they would otherwise have if the service were still being performed by the public sector. Governmental entities may not even have the information they need to adequately hold the contractor accountable for performance. For example, State Highway 130, a San Antonio-Austin, Texas highway P3 deal with a Spanish infrastructure developer, Cintra, filed for bankruptcy when revenue projections failed to materialize. The private consortium refused to release the traffic projections that the project was based on claiming they were proprietary information that, if public, could help their competitors. The Texas Attorney General and the federal Department of Transportation agreed.

**CONFRONTING PRIVATIZATION PROPOSALS**

- **Know your basics.** Gain an understanding of how your governmental entity’s procurement system works. What are your contracting laws and policies and how do they play out in practice? Do they encourage privatization or protect the public from bad deals? What services and assets, if any, are currently privatized in your locality? How can your contracting laws and/or policies be strengthened to better reflect your values?

- **Timing matters.** The best time to intervene in a privatization proposal is before it goes into the formal procurement process. Once a Request for Proposal (RFP) is issued, it becomes more difficult to stop the process. The earliest stages of informal consideration are the best time to ask important questions and raise up potential risks. The earlier you get involved, the better.

- **Know the red flags.** There may be red flags that privatization is being considered, even if it hasn’t formally been announced.
  - If representatives or lobbyists from corporations are meeting with policymakers or department leaders, this may indicate that the corporation is presenting marketing materials to lay the groundwork for future privatization of a public service or asset.
  - If pro-privatization leaders within the locality or state call for an “efficiency audit” or some other study examining the functioning of public services or assets, this could be an indication that there is interest in privatization. The “findings” of such “study” or “audit” could lay the foundation for future privatization proposals.
  - If your locality or state is dealing with budget issues and anti-tax sentiment, privatization may be proposed as a (misguided) way to cut costs. It’s important to recognize ideas or keywords that may
be setting the stage for a more formal discussion of privatization—remember who is saying them and understand what their motivations might be.

- **Ask the right questions.** Below is a sample of important questions to ask when confronted with a privatization proposal. While these are general questions that bring up important considerations, please note that In the Public Interest has guides and resources with information related to particular sectors (education, infrastructure, corrections, etc.) that may be more relevant to your issue at hand.²²
  - What are the problems the privatization proposal is trying to address? And can these problems be solved without privatization?
  - Does the proposed contract limit our democratic rights?
  - Are there perverse incentives that could work against our public policy goals?
  - How will the government compensate the private entity, and what are the implications for the government’s budget?
  - What are the possible impacts of privatization on the quality of the service or access to the asset?
  - Will all the resulting jobs have family-supporting wages and health care benefits? Who will get these jobs?
  - Does the governmental entity have the necessary in-house staffing and expertise to adequately monitor the contract for its entire lifecycle?
  - Do we have a Plan B if the contract must be canceled?
  - If a private company thinks they can make money leasing and operating a public asset, why can’t we?
  - Are there adequate and meaningful forums for public input, such as public meetings and hearings and public comment periods?

**INSOURCING: HOW TO REVERSE PRIVATIZATION IN YOUR CITY**

While this guide primarily deals with identifying and confronting privatization proposals, localities and states are increasingly looking at “insourcing,” “reverse privatization,” or “remunicipalization.” All of these terms mean taking a service or asset that was privatized and bringing it back under public, democratic control. For example, in 2018, localities that remunicipalized their water systems included Putnam, Connecticut,²³ Dallas, Oregon,²⁴ and Saltville, Virginia.²⁵ States such as Idaho insourced prison operations after their privately-run prison experienced increased violence and human rights abuses, largely due to understaffing by the private contractor.²⁶ And localities have insourced routine city services to save money. In 2018, the city of Fort Wayne insourced fleet management services and expects to save $350,000 per year.²⁷

As governments continue to experience problems with privatization, insourcing has served as a way to regain control and provide quality services and assets, while making better use of public funds. In 2012, the International City/County Management Association (ICMA) surveyed localities and found that of respondents that insourced services, 53 percent cited insufficient cost savings, while 51 percent cited unsatisfactory service quality.²⁸
NOTES

2. Diane S. Williams, “Citytime contract: 1,000% over budget,” AFSCME DC 37 Public Employee Press.
12. In the Public Interest has resource guides for privatization issues in the following sectors: infrastructure, criminal justice and immigration, and education.
Charter schools were originally conceived of by progressive education union leaders as a way to create laboratories of innovation to develop new ideas about how to best educate students. Promising models would then be disseminated throughout school districts so that all students could benefit.

While there are certainly effective charter schools (as there are traditional, neighborhood public schools), that original intent has largely been co-opted into a market-based model of providing education with winners and losers. The rapid growth in the number of charter schools, especially in states such as California, Louisiana, and Michigan, amounts to the privatization of public education through the creation of a parallel education system, often times run like a business, and in competition with public neighborhood schools. One in five charters are for-profit schools and many more not for profit or even so-called “public charter schools” are managed by for-profit companies. Many charter schools are part of national charter chains.

Proponents of charter schools argue that charters provide parents with more choice over which school to send their children. However, “school choice” rhetoric is often paired with arguments for turning public schools into stocks to be traded in an investment portfolio or a commodity to be sold like lunch at a food truck. The reality is that charter schools can jeopardize the very concept of public education itself. Charter schools can have serious impacts on the students who attend them and the financial viability of traditional public schools, both of which will be discussed below.

Charter schools receive public education dollars and because of this are often referred to as “public schools,” however, this is a mischaracterization. Charter schools are privately operated and while it varies from state to state, they are generally exempt from many important laws and policies by which public neighborhood schools must abide. Typically, charter schools are approved by “authorizers,” which authorize the creation of the school. Authorizers can be a local school district, state education department, a university, a non-profit organization, or an independent state charter school board, depending on what state law permits. The authorizer approves charter school applications and renewals, and may also have oversight responsibilities.

While the vast majority of students still attend public neighborhood schools, the charter industry has been growing rapidly. From 1993 to 2009, the total number of charter schools grew from 10 percent to 15 percent each year. Between the 2011-12 and 2016-17 school years, the number of majority Black and/or Latinx charter districts increased 27%, while majority white charter districts grew by only 10%. More recently, in the 2017-18 school year, more than 7,000 charter schools enrolled nearly 3.2 million students, a five percent increase from the previous year making it urgent and important to better understand these issues and what policymakers can do to mitigate the risks of charter schools.

**WHAT ARE COMMON ISSUES WITH CHARTER SCHOOLS?**

- **Charter schools are often less accountable.** Unlike traditional, neighborhood schools, most charter schools are managed by unelected boards chosen by private operators. This makes them less accountable to parents and the communities in which they are located, which is a particular concern for communities of color, whose voices are marginalized in decision-making structures. A former leader of North Carolina’s
State Office of Charter Schools admitted that the unelected board members of charter schools are “in charge of a multi-million investment of public money, and for the most part they don’t have the skill set.” A 2016 audit report by the U.S. Department of Education warned that the charter school operations pose a serious “risk of waste, fraud and abuse” and lack “accountability.”

- **Charter schools tend to be less transparent.** Charter schools are sometimes not required to meet the same transparency standards as neighborhood public schools. This can leave parents, teachers, public officials, journalists, and the broader public in the dark when it comes to determining where the public money is being spent, whether on education, management, facilities, high needs students, or elsewhere. For example, total alleged and confirmed fraud and waste in California’s charter schools has reached over $149 million, which is likely only the tip of the iceberg.

- **Charter schools generally perform about the same as neighborhood schools.** Study after study have shown that, just like there are high and low performing neighborhood schools, there are high and low performing charter schools. There’s nothing inherent to the charter school model that creates higher academic achievement. In fact, given the possibility of selection bias, such as the effective exclusion of special education students or the expulsion of students with perceived disciplinary issues, charter school success often can be overstated.

- **Too many charter schools can drain public school district budgets, taking resources from neighborhood school students.** A growing body of research is showing that, in many states, school districts and the students they serve are undermined by laws and practices that prioritize opening new charter schools. When a student leaves a neighborhood school for a charter school, their pro-rated share of funding leaves with them, while the district remains responsible for many costs that those funds had supported. This intensifies fiscal pressure at neighborhood schools to cut core services like counseling, libraries, and special education, increase class sizes, and could even put these schools at risk for closure. For example, California’s unchecked charter school growth cost San Diego’s school district $65.9 million during the 2016-17 school year. Note: In the Public Interest has created a template for California schools districts to better understand the fiscal impact of charters and can help you in preparing an analysis. If interested, please contact info@inthepublicinterest.org.

- **Charter school closures are relatively common and disruptive to students, families, and public school districts.** Students at charter schools are two and a half times more likely to have their school close than those at neighborhood schools. Additionally, district public schools then have to accommodate those students mid-year while not being guaranteed any funding will follow those students back.

- **Charter schools are more segregated than neighborhood schools.** Research by UCLA's Civil Rights Project finds that charter schools are more racially isolated than traditional public schools in virtually every state and large metropolitan area in the nation. As a whole, charter schools stratify students by race, class and possibly language. In all types of schools, increased segregation is linked with low education performance levels. In 2016, the NAACP called for a moratorium on the expansion of the charter schools, citing among other issues, concerns about segregation, and affirming their support for traditional public schools.

- **Some charter schools exclude students from poor families or with severe disabilities.** While corporate education reformers claim that charter schools are public schools, many charter schools erect barriers to admissions that indirectly exclude certain students. A 2016 study found that, at the time, one in five charter schools in California had a discriminatory admissions policy, like requiring parents to volunteer.

- **Some charter schools use harsh discipline and suspension practices, especially those in communities with large proportions of students of color.** A 2016 analysis examining charter schools in New York City, Washington DC, and Boston found that charter schools consistently topped the list of schools with
the highest suspension rates. Furthermore, nearly all these hyper-disciplinary schools were concentrated in majority-black communities. Additionally, research by the UCLA Civil Rights Project found that in the 2011-2012 school year, nearly half of all black secondary charter school students in the country attended charter schools where the aggregate black suspension rate was 25%. Also, more than 500 charter schools suspended black charter students at a rate that was at least 10 percentage points higher than that of white charter students.

- **Teachers at charter schools tend to be younger, less educated and paid less than those at neighborhood schools.** Charter school workforces are rarely unionized, taking away the collective power that teachers need to bargain for higher pay, better working conditions, and more resources for their students. This directly impacts students, as teacher turnover rates are higher at charter schools than at neighborhood schools.

- **The charter school industry is increasingly concentrating into large chains aimed at replacing neighborhood schools.** Charter schools were originally intended to be innovative laboratories to develop new education models. Yet, in many states, they now openly compete with neighborhood schools, creating a parallel system with duplicate administrative structures and costs. Nationwide, the charter school industry is increasingly being dominated by large chains like KIPP and Rocketship where materials, methods, and evaluation are centrally dictated with little variation. For example, of the over $2.5 billion in tax dollars and subsidies spent on California’s charter school facilities in the past 15 years, a disproportionate share has been given to just four large chains.

- **Some charter schools and chains are siphoning off public dollars through complicated real estate transactions.** Charter schools must have space to operate, but some charter schools are overpaying for facility space in an attempt to cream money off students. In January 2019, the Ohio auditor-general released a report which revealed that in 2016 a Cincinnati charter school paid $867,000 to lease its facilities, which was significantly greater than the going rate for comparable facilities in the area. Likewise, a Cleveland charter was paying half a million above market rate rent. Even though most states require charter schools to be nonprofit, some charters have separate for-profit subsidiaries in which the schools enter into contracts for facilities, allowing the owners to siphon off public dollars by overcharging the school for rent. Additionally, there is a new industry of for-profit “charter school development” companies that buy up property, mark it up, and then sell or lease it to charter schools. It is important to note that public dollars are being used to buy or build privately owned facilities that do not revert to government ownership if the charter school fails. Moreover, charter facilities funding can create massive waste of public dollars when there are more facilities needed for the number of students in a given jurisdiction.

**WHAT INFORMATION SHOULD YOU KNOW ABOUT CHARTER SCHOOLS IN YOUR JURISDICTION?**

To better understand the charter school landscape in your area, there is some basic information that you should collect. This will help in identifying problems and gaps in the rules that apply to charter schools in your jurisdiction, and will help you better understand how to apply the best practices discussed in the next section.

- What are the laws and regulations that charter schools in your area must abide by and are exempt from, including those from the state and local education agency?

- Who operates charter schools in your jurisdiction and what is their track record?

- What are the laws governing authorization of charter schools? What bodies authorize charter schools in your jurisdiction? What is their capacity for oversight and what or who may influence their decision-making process? What do their standards for oversight look like?
• Are there other bodies that can provide oversight and/or enforce rules, such as other local bodies, state-level officials, or even the media?

• How is oversight of charter schools, such as the areas of school operations, financial management, and academic performance carried out? What documentation related to oversight currently exists? Does the authorizer require yearly reports from charter schools? Are there recent state audits for charter schools in your jurisdiction?

• Get familiar with documentation that may be able to give you information about specific charter operator’s plans. For example, the authorizer or locality may have documentation about land and/or facilities that the charter uses or plans to use. Grant applications for federal charter schools funding can provide information about a school or even larger chain’s future plans. For example, the Department of Education’s Office of Innovation and Improvement post online the applications that charter schools submit for their grant programs - see here.

• Who are charter school stakeholders in your community? This may include students, parents, teachers, the authorizer(s), and others.

WHAT RULES SHOULD APPLY TO CHARTER SCHOOLS?

In the Public Interest and the Center for Popular Democracy developed the Charter School Accountability Agenda, which contains best practices related to charter schools. It may be helpful to compare your jurisdiction’s policies and practices with these best practices to identify areas for improvement and reform.

ACCOUNTABILITY

• Require charter schools to open board meetings to parents and the public, similar to public school board meetings.

• Require companies and organizations that manage charter schools to release to parents and the public how they spend taxpayer money, including their annual budgets and contracts.

• Require state officials to conduct regular audits of charter schools’ finances to detect fraud, waste or abuse of public funds.

PROTECT NEIGHBORHOOD SCHOOLS

• Before any new charter school is approved, conduct an analysis of the impact the school will have on neighborhood public schools.

• Ensure that neighborhood public schools do not lose funding when new charter schools open in their area.

PROTECT TAXPAYER FUNDS

• Require charter schools to return taxpayer money to the school district for any student that leaves the charter school to return to a neighborhood public school during the school year.

• Prohibit charter school board members and their immediate families from financially benefiting from their schools.

• Prohibit charter schools from spending taxpayer dollars on advertising or marketing.
• Stop the creation of new charter schools if state officials have not shown the ability to prevent fraud and mismanagement.

• Prohibit charter school owners and operators from leasing and purchasing property from other companies they own.

**HIGH QUALITY EDUCATION FOR EVERY CHILD**

• Require all teachers who work in taxpayer funded schools, including neighborhood public schools and charter schools, to meet the same training and qualification requirements.

• Require charter schools to serve high-need students, such as special education students, at the same level as neighborhood public schools.

In addition to the best practices listed above, a number of states are considering or have enacted caps on either the number of charter schools that can be approved by an authorizer or the number of charter schools operating in the state. Some states are considering moratoriums which would put a stop to the approval of new charter schools for a specific amount of time.
NOTES


10. In the Public Interest, “Fraud and waste in California’s charter school,” March 2018.

11. Add citation


14. Ibid.


As local and state policymakers look for ways to balance their government budgets, some consider privatization of important public services as a way to save money. But, as shown repeatedly in many localities, privatization is not a cure for financial woes. Privatization can actually increase costs for a city, compromise the quality of critical services relied on by residents, and harm the local community and economy. Policymakers may also lose the ability to ensure accountability and exercise critical oversight over public services. Privatization can also outsource responsibilities traditionally performed by government that can have long-lasting negative consequences for residents and undermine the very idea of the common good.

There are many different public services, and while the specifics around provision of each service vary, there are common issues that frequently arise in these types of government contracts, which this brief will discuss below. While this is not an exhaustive list, localities and state may be faced with privatization proposals for public services such as:

- City services, such as landscaping of public land, snow removal, fleet management, custodial services for public buildings, waste and recycling collection, emergency services, and building inspection services. These services may appear routine, yet they are critical to the functioning of a city, and handing over control of these services to private contractors can impact daily life for residents and even endanger public health. For example, across the country, waste contractors have overcharged residents, mismanaged recycling programs, and failed to pick up trash on time.

- Information technology functions and/or programs. For example, in May 2019, Kansas terminated a $110 million, no bid contract for IT services. The company failed to meet key deadlines in the development of a new tax collection system, forcing the state to use the old system to process tax returns. The state decided to bring IT operations back in-house to be performed by state employees.

- Health and human service programs, including the actual provision of the service itself, or in some cases, the management of the service, service eligibility determination, or functions that related to client and case management. For example, some states have experimented with privatization of their state Medicaid program, allowing large insurance companies to administer the program to detrimental results, including recipients not getting critical medical care in a timely manner. Some localities and states have also privatized parts of their child welfare system, which can have life or death consequences for vulnerable children.

- Functions related to the criminal justice system, including operations at jail or prison facilities, or privatization of services within such facilities, such as health care, food service, communications, commissary, and more. Privatization of prison and jail operations have resulted in increased violence within facilities, documented human rights abuses, and the perpetuation of mass incarceration. Furthermore, companies that provide services within facilities often cut corners in an effort to reduce operating costs, resulting in lower quality food, inadequate medical care, and other compromised services. More information about this dynamic is available in In the Public Interest’s report, Cutting Corners in America’s Criminal Justice System: How Corrections Companies Harm Prisoners and the Public in Pursuit of Profit available at https://www.inthepublicinterest.org/wp-content/uploads/ITPI_CuttingCorners_Corrections_April2016.pdf
• School support services, including transportation, custodial, and food service. Cost savings often fail to materialize in school support service privatization efforts, and many contractors degrade the associated jobs, paying employees less than what the public school district previously paid these positions. 8

RISKS OF PRIVATIZING PUBLIC SERVICES

Little or no cost savings. Unlike public agencies, private companies must ensure that they receive a premium over the amount it actually costs to do the job in order to guarantee profit. 9 Often, this means that privatization is more expensive than cities originally plan. Cost savings may fail to materialize or reach levels promised by the contracted private entity. A private company may overestimate cost savings in an attempt to win a contract. Cost overruns and change orders may occur, driving up the cost to the locality. According to a 2012 survey by the International City/County Management Association, 53% of governments that brought services back in-house reported that the primary reason was insufficient cost savings. 10

Research shows that even in cases where nominal savings are found, these savings are usually offset by the “substantial agency costs associated with the contracting process, including the expense of preparing plans and specifications to a greater level of detail, the cost of advertising and processing bids, and the cost of monitoring, inspecting, and conflict resolution.” 11 Numerous studies, including academic research and research from the Government Finance Officers Association, show that the cost of contract administration is typically around 20% of the price of the contract. 12

Reduced service quality. Because a private entity’s primary concern is maximizing profits, there are inherent pressures to cut corners, such as paying employees less, employing fewer workers, union busting or avoiding unionization in the first place, using inferior materials, or making programmatic decisions that run counter to the public interest, resulting in diminished quality.

A broad range of research shows that public services do not improve after being contracted out. 13 Many local public services are complex and the quality of the service is difficult to measure in a contract. For example, street maintenance staff must be ready on short notice when severe weather hits to be able to anticipate where emergencies are likely to occur and which roads may need to be cleared to ensure the safety of drivers. Public workers are able to respond quickly to emergencies, but these activities are difficult to define, measure, and evaluate within the limits of a contract. Additionally, companies must provide services for multiple municipalities, further limiting the company’s flexibility for any single city. In the 2012 survey by the International City/County Management Association mentioned above, the second most cited reason for bringing services back in-house was unsatisfactory service quality with 51% of governments that insourced services reporting that reason. 14

For example, the Chicago School Board signed three-year contracts with Aramark and SodexoMagic to clean the city’s schools. By privatizing janitorial services, the district hoped to save up to $40 million over the contract period. 15 The companies reduced costs by cutting corners on staffing. Shortly after the start of the following school year, Aramark laid off 290 janitors. 16 The schools became plagued with problems stemming from the lay-offs, including filthy classrooms, spilled milk left uncleansed, and overflowing garbage cans sometimes not emptied for weeks. Cockroaches, mice, and bugs, which were attracted to the trash, overran the buildings, and a number of schools called exterminators. 17

Loss of middle-class jobs. One way for private companies to increase their profit margin on service contracts is to reduce their operating costs. A common way to do this is to change formerly-public sector jobs that sustained families and included healthcare and retirement benefits to low-wage jobs without benefits, most of which are no longer unionized, when transferred to the private sector. 18 African Americans are particularly impacted by this dynamic, as approximately one in five black workers hold jobs in government. 19 Moreover, median wages earned by African American employees are significantly higher in the public sector than in oth-
er industries. Due to their prevalence in public sector jobs, African American workers are more likely to be affected when jobs are outsourced to companies that pay reduced wages and benefits, potentially losing stable footing in the American middle class, which can have long-lasting impacts for future generations.

**Loss of accountability and transparency.** Localities can lose access to routine information about the service under a privatization scheme. The privatized service may not be subject to open records laws, taking away the public’s access to key information they would otherwise have if the service were still being performed by the public sector. Governmental entities may not even have the information they need to adequately hold the contractor accountable for performance.

**Lack of adequate monitoring and oversight.** Research shows that contract monitoring is difficult and costly. Many local and state governments do not have any formal procedures for monitoring contracts. Additionally, a contracting agency should have a sufficient number of skilled staff to properly oversee private contractors. Yet contract oversight funds are often one of the first items cut from the budget during a shortfall. As a result, agencies often don’t have the experienced staff that is necessary to properly oversee contracts. The public ultimately loses as inadequate oversight paves the way for cost overruns, missed deadlines, and serious mistakes in service provision. For more information about contract oversight and management, see In the Public Interest’s publication, *Standing Guard: How Unaccountable Contracting Fails Governments and Taxpayers at* [https://www.inthepublicinterest.org/wp-content/uploads/Standing-Guard_web.pdf](https://www.inthepublicinterest.org/wp-content/uploads/Standing-Guard_web.pdf)

**Money leaves the community.** When a city privatizes a vital government service and replaces public servants with a private company, large amounts of money leave the local economy. Public employees typically live and spend money in the communities in which they work. When a city privatizes the service, much of this money flows out of the community, as private companies that may not be located in that city, state, or even country take profits away from the municipality. Additionally, the dynamic of reducing worker wages and benefits through privatization discussed above has real consequences for local economies. Research by Daphne Greenwood, an economist at the University of Colorado, shows how declines in workers’ wages mean less money to spend in their communities and directly affect local businesses. Lower wages mean that workers spend less in local retail, restaurants, and other establishments. Lower wages also mean that local and state governments collect less in sales, income, property, and other types of taxes. In short, less money flows into the local economy and more money is routed to for-profit corporations, their CEOs, and their shareholders.

Furthermore, workers may be forced to move out of the community to less expensive areas as a result of lower wages. Greenwood’s research shows that in a medium-sized American city, dollars spent in the local economy fall from 49% of total payroll to 9.5%, or less when workers live elsewhere. Lower spending in the local economy can have a range of significant negative impacts on tax revenues, the housing market, and local businesses. And when contractors move operation of a public service (such as a call center) to another city, state, or country, the community then loses all the dollars workers used to spend locally.

**QUESTIONS TO ASK**

When confronted with a proposal to privatize a public service, asking the right questions can help frame the conversation and bring out the potential risks and harmful impacts of these types of contracts. While not an exhaustive list, the below set of questions can be used as a starting point in this type of inquiry.

**UNDERSTANDING THE SERVICE**

**Examining Options**

- Has the government performed a thorough analysis of the current system(s) to understand problems and/or inefficiencies and determined alternative options that could address these issues? A thorough analysis
of the current system will also allow for a more accurate cost comparison between various proposals later in the contracting process.

**Impact on Current Workforce**

- What will be the potential impacts on the existing workforce?
- Are the existing workers currently unionized and does the Collective Bargaining Agreement or government policy contain clauses that require workforce retention, retraining, or labor peace?
- How will the wages and benefits and the number of jobs change once control is shifted to the private sector?
- Will existing employees be moved to other jobs within the government and/or can they continue to perform the same work for the contractor?

**Costs to the Government and the Public**

- Has the government performed a cost-benefit analysis?
- If so, does the cost analysis include the full costs of contracting, such as costs associated with holding hearings, drafting bid documents, analyzing proposals, monitoring the contract, training private contractor staff, moving equipment, the contractor using public resources, and possibly engaging in litigation arising from contractor failures or procurement problems?
- Is there documentation by the government that privatizing the service will produce a cost savings?
- Are there public fees associated with the service? If so, how will transferring the program to a contractor affect fees? For example, a public park that was once free to the public, may require public entrance fees once a private contractor takes over management functions.

**Impact on Constituencies**

- If the service in question is designed to serve a specific constituency, is there an advisory group or other forum with appropriate stakeholders that can provide the agency input regarding the potential effect that contracting may have on that constituency?
- Does the contract protect these constituencies or recipients? Does it address issues related to civil rights, ADA, limited English proficiency, etc.?
- Is there a process through which a member of the constituency or recipient can complain about the services provided by the contractor or appeal a decision made by a contractor?
- Will the private contractor be privy to sensitive or confidential information about the public or constituents? If so, are there mechanisms in place to prevent the mismanagement of sensitive information?

**Ensuring a Fair and Accountable Process**

**Transparency**

- What rights does the public have to see documents related to the contract, especially through online disclosure?
• What type of information is available to the public during the contracting process and after the contract is signed?

• Are there adequate and meaningful forums for public input, such as public hearings or public comment periods?

• Do legislative or other oversight bodies have access to the information they need to effectively evaluate the contract?

**Potential Conflicts of Interest**

• Is the agency using a consultant or other advisory firm to advise them on any decisions related to the contracting process? If so, how are these contracts with consultants and other advisory firms structured? Do they collect fees for services rendered, or are they incentivized based on certain outcomes in the contracting process?

• Do any consultants related to the contract have conflicts of interest? What is their track record and background with these types of contracts?

• Are any public officials or evaluators involved in the contracting process former employees of potential contractors?

**Government Capacity of Expertise**

• Does the locality or state have the necessary experienced staff to negotiate a good deal?

• How many employees will the government allocate for contract oversight and monitoring responsibilities? Is this adequate staff for the agency to design the contract, monitor performance, and provide technical assistance to the contractor for the life of the contract?

• Will contracting out the service lead to a significant loss of institutional knowledge and/or experience related to the specific service within the agency? How will that impact the long-term mission and/or public purpose of the agency?

• Will the agency retain sufficient internal capacity to provide the service in the case of contract failure?

**TERMS OF THE CONTRACT**

**Contract Requirements and Structure**

• Is the length of the contract reasonable? The contract term should be short to allow for timely reevaluation of the contract.

• What are the criteria for activating contract renewal clauses? Beware of evergreen clauses, which allow a contract to be automatically renewed without agency review or oversight.

• How is the contract structured? Does it contain financial incentives for the contractor that may undermine the public interest?

• Does the contract clearly and effectively delineate between public and private contractor roles related to the service? Some aspects of a service may be required to be carried out by public employees, per state or federal law.
• What are the requirements for subcontracting? Does the RFP and contract clarify that subcontractors will have to meet the same requirements as the main contractor?

**Accountability Provisions**

• How does the contract measure success? Is there clear consensus among stakeholders and the agency regarding desired results? Does the contract contain clear performance measures and accountability mechanisms to ensure that the contractor is producing the desired results?

• Does the contract require regular independent oversight, such as audits performed by a local or state audit authority, per a specified timeline?

**Planning for Problems**

• Does the RFP and contract require a start-up/transition plan from the contractor that includes a contingency plan for problems at start-up or later in the contract?

• Does the agency have a contingency plan for dealing with problems and/or non-performance by the contractor?

• Can the contract be cancelled if problems arise in service provision or if the public needs change? If so, what are the criteria for cancellation and what are the agency’s liabilities (e.g., costs) for canceling?
NOTES


25. Ibid.

26. Ibid.
America's infrastructure needs an overhaul. In 2017, the American Society of Civil Engineers’ (ASCE) report card on the nation's infrastructure gave the U.S. a grade of “D+.” The embarrassing grade was based on unmet needs to repair and rebuild roads, bridges, drinking water and wastewater systems, schools, rail and transit systems, and public parks. ASCE also estimated that the country needed to increase infrastructure investment by $2 trillion over the next ten years to recover from decades of neglect and disinvestment. 1

Some local and state governments are looking at contractual arrangements, called public-private partnerships (also known as “P3s”) that use private capital to finance public projects, to help fill the gap. Public funding of infrastructure is well known to be the least expensive way to finance major infrastructure projects. 2 But in light of financial and political obstacles that governments face, some policymakers pursue private financing to build new infrastructure or to privatize existing assets in pursuit of quick cash. Despite the appearance of private investment in communities however, there are significant risks with these deals that can have lasting consequences for the community for decades.

*It is important to note that with all infrastructure projects, regardless of how they are financed and procured, there are opportunities to ensure meaningful economic and social impact for your community by incorporating job quality and equity policies. For more information on these types of measures, see In the Public Interest’s publication, Building America While Building Our Middle Class: [http://www.inthepublicinterest.org/wp-content/uploads/ITPI_PWF_P3BestPractices_March2016.pdf](http://www.inthepublicinterest.org/wp-content/uploads/ITPI_PWF_P3BestPractices_March2016.pdf)*

**WHAT ARE P3S?**

**How infrastructure is traditionally built**

New infrastructure projects typically have five important steps, as shown in the graphic below. These include designing the project, and then building, financing, operating, and maintaining the asset.

Traditionally, engineers and architects design the project (can be public or private), construction companies (always private) build it, public agencies operate it and maintain it, and public finance offices manage the money by paying off the debt. Traditional infrastructure projects are built with public debt raised through tax-exempt bonds sold to individual and institutional investors like pension funds and mutual funds. The debt is paid back by individuals and businesses through either taxes or user fees, such as fares or tolls. Traditional procurement methods for infrastructure are typically referred to as design-bid-build (DBB), where the governmental entity does everything except for the construction work; or design-build (DB), where a private entity designs and builds the asset, but the governmental entity finances it, operates it, and provides maintenance services.
How infrastructure is built under a P3 model

The term “public-private partnership” has become an imprecise catch-all that can capture the traditional procurement described above, but is now typically used to describe a project that privatizes all five activities in the process. This is also referred to as a design-build-finance-operate-maintain (DBFOM). In a P3 used for building a new piece of infrastructure, at least part of the financing is provided by the private entity. This is known as “private equity financing.” Private equity financing is considerably more expensive than tax-exempt municipal bonds. On average, the cost of borrowing (interest rate) for municipal bonds is 3%, while the cost of borrowing for private equity is between 10% and 15%, which can dramatically drive up costs related to financing the project.3

Of course, all project financing must be paid back. In a project that uses public financing, municipal bonds can be paid back through governmental tax revenues, such as sales or gas taxes, or revenues from the project, such as tolls or water bills. In a P3 model, private equity financing is paid back either by allowing the private entity to collect the revenue stream (i.e., tolls, fares, or other user fees) or through a regular government payment to the private entity called an “availability payment.”

Additionally, existing assets can also be privatized, as in a long-term lease agreement. This is an agreement in which a private entity (or entities) receives the right to collect revenues associated with an existing asset in exchange for an upfront fee to the governmental entity. Examples of this model include the 2008 privatization of Chicago’s parking meters, where the City of Chicago signed a 75-year contract with a global consortium led by Morgan Stanley to run the city’s 36,000 parking meters. This type of arrangement is also commonly referred to as a P3. P3s of new infrastructure and existing infrastructure both carry similar serious risks, described below.

RISKS OF P3S

Loss of democratic control over public policy and decisions: Many P3 contracts include non-compete clauses and/or compensation clauses, which limit or eliminate the public's long-term ability to make critical decisions necessary to improve our cities and transportation systems and to address climate change. For example, Chicago’s parking meter contract mentioned above includes compensation clauses that require the city to pay the corporate consortium for lost revenue resulting from standard policy and planning decisions, such as the creation of new bike lanes or bus rapid transit lanes or temporary uses such as street fairs, for the life of the 75-year contract. These types of clauses have proved expensive for taxpayers—in 2016, the payments to the private entity totaled $15.7 million, and in 2017, they increased to $21.7 million.4

Loss of Public Revenue: Cities that privatize existing public assets give up decades of revenue from those assets, which could be used for important public goods, such as public transit projects or healthcare services, instead of private profits. For example, a 2018 audit showed that Chicago’s parking meter system raked in $134.2
million in 2017, putting private investors on pace to recoup their entire $1.16 billion investment by 2021 with 62 years of further cash flow to enjoy.\(^5\)

**Profit motives drive public decisions about what gets built:** Private investors demand rates of returns that need a profitable revenue streams, such as projects that generate high tolls, water rates, or transit fares. If a project does not have a revenue stream, P3s can be structured to require the government to pay guaranteed annual payments, referred to as “availability payments,” which include the investors’ profit margin. Simply put, the private sector cannot be relied upon to provide investment for the many critical infrastructure needs that are not profitable, such as smaller projects, repair projects, or projects in rural areas and communities of color.

**Reduced labor standards:** Promised cost savings often derive, at least in part, from reduced wages and benefits for construction workers who build infrastructure and workers who operate and maintain public assets. In a P3, permanent operations and maintenance workers are private sector workers with lower wages and reduced health and pension benefits than public employees who are often union members with higher quality jobs with benefits. For example, when the Chicago Skyway was privatized using a P3 model, cost savings were largely derived from reduced labor costs. Previously, city workers who maintained the road were paid at least $20 per hour. The private firm that replaced the city workers paid its workers between $12 and $15 per hour.\(^6\)

**Limited access and affordability from increased shift to fee-based infrastructure:** Private investment often brings a heavier reliance on tolls and user fees to pay for infrastructure, as well as the private entity’s return on their investment. This makes progressive affordability schemes, such as sliding scale systems that factor in residents’ financial hardship, or policies that forgive missed payments under certain circumstances, more difficult to create. In practice, privatized projects have resulted in much higher costs for residents, becoming increasingly unaffordable for lower-income people and communities of color, and thus reducing equitable access to critical infrastructure.\(^7\)

**Public information becomes confidential and proprietary:** Publicly financed and operated infrastructure projects are transparent and subject to applicable sunshine laws. Financial documents, planning documents, usage projections, wages, construction contracts, and performance reports are public documents. The rules are different for privatized projects where much of this information is deemed private.\(^8\)

**Potential for reduced community input:** A traditional procurement usually involves multiple phases, including design and construction. A typical P3 bundles phases together into one procurement, which, depending on local and state procurement policy, may limit opportunities for input by the communities most impacted by the new infrastructure.

**EARLY WARNING SIGNS OF P3S**

There are a number of early warning signs that could point to the possibility of privatization schemes being considered:

- There are problems with existing infrastructure that have garnered a lot of attention, such as consent decrees, quality issues, billing concerns, and more. This makes the asset vulnerable to calls for privatization.

- There is a large project that needs to be built, but your governmental entity is unable or unwilling to take on additional debt to finance construction costs through tax-exempt municipal bonds. This can be due to a variety of reasons such as general anti-tax sentiment, inability to garner enough support for bond measure, or debt cap concerns.

- The locality or state is experiencing budget deficits. Anti-tax sentiment may make privatization schemes seem like a reasonable solution to fiscal deficits, despite the enormous risks and greater long-term expense.
• Private corporations that seek privatization deals may cultivate privatization champions in your governmental entity. For example, corporations and/or their lobbyists may target and develop relationships with mayors and other political leaders to help them become advocates of infrastructure privatization schemes.

• If other localities in the area have engaged in privatization schemes, corporations may target your locality in an effort to cluster contracts near each other and achieve greater economies of scale. For example, water privatization companies may target the privatization of smaller water systems in areas where they already have contracts.

There are many levers and decision making points that local and state policymakers can use to effectively intervene in a proposed infrastructure project. Depending on the proposal, there are a number of outcomes policymakers may want to work towards. You may want to: 1) turn a bad project into a good one by changing the structure of the procurement to minimize the level of privatization and preserve as much public control as possible 2) improve deals to ensure that the community benefits from the project. 3) completely stop the project if it would be harmful to the community or put inappropriate financial burdens on residents. Below are some steps and ideas on how to intervene in a proposed project.

WHAT DO TO - KNOW THE BASICS

The first step that provides the foundation for intervening in projects is understanding the basic landscape of the project proposal and process. This information is necessary in understanding potential levers and points of intervention.

• Identify existing infrastructure needs and plans in your region. Get familiar with your city or state’s infrastructure plans, such as any Capital Improvement Plans (CIPs), strategic plans, or master planning documents. There may be different plans for different types of infrastructure, such as transportation, water systems, and public transit. You should understand what’s in them and why. Understand whether and how a proposed project fits into these plans. More information about where to find and how to understand your locality and state’s infrastructure plans is included in Appendix A at the end of this brief.

• Know what local and state laws are applicable to a proposed infrastructure project. For example, some states have their own environmental standards that apply to infrastructure projects. Some localities have specific worker standards (wage standards, healthcare requirements, etc.) that projects may be subject to.

• In many cases, a state or locality will have P3-enabling legislation that lays out the ground rules for P3 deals, such as how the procurement process must flow, any requirements for the resulting contract, and more. It’s important to understand if the state has P3-enabling law and what requirements it sets forth, and also what deficiencies are in the law so you understand where there may be potential problems you’ll need to address. For more information about best practices in P3-enabling legislation, see In the Public Interest’s report, *Infrastructure Justice*: http://www.inthepublicinterest.org/wp-content/uploads/P3-Legislation-Recs-final.pdf

• It is important to understand your locality or state’s financial position and existing obligations that may impact the way it approaches the proposed project. What is the governmental entity’s bond rating? What are its existing debt obligations? Are any of these predatory financial structures involving variable-rate bonds, auction rate securities, or toxic interest rate swaps? Does some feature of its existing financial position impact its decision to explore the use of a P3 for the proposed project?
Once a proposal is in motion, one important strategy is to “ask the right questions.” What this means is asking hard questions that force other policymakers, agency officials, and privatization proponents to critically think about the details and issues and get answers to questions about the project that you think are important. It allows you to frame the debate and inject your values and framework into the conversation. It also can have the strategic impact of delaying decision making, which can be important in circumstances when you may need more time to analyze the proposal, and invite more public input and participation.


A few questions have been excerpted below:

**What options has your city, county, or state examined?**

- What are the various procurement methods being considered for the project and what is the rationale for each option?

- Has the governmental entity performed or contracted for an analysis of various procurement options? In most cases, governmental entities rely on a Value for Money (VfM) analysis to compare lifecycle costs of designing, building, financing, operating, and maintaining an asset when using various procurement methods. A VfM analysis typically compares traditional procurement such as design bid build (DBB) or design build (DB) to a P3 procurement approach such as a design, build, finance, operate, and maintain (DBFOM).

- How does the VfM analysis justify one procurement option over others? Methodology can dramatically alter the results of the VfM analysis. It may be necessary to get outside expertise, such as from a consultant that has a record of not pushing P3s, or have internal expert staff review the VfM analysis, including the assumptions used, identified risk factors, and calculation details. Note that this is a very important step in the process, and in most cases the analysis is used as a justification for using a P3 model. Once P3 proponents have a quantitative study that shows P3s are a better choice, even if it is a flawed analysis, it is treated as fact and difficult to later reverse. As soon as the VfM analysis is complete, lawmakers need to ensure they receive a copy and carefully examine the analysis and bring attention to places where it falls short or doesn’t adequately justify the chosen approach.

- Does the VfM analysis and broader analysis of options consider non-financial public interest criteria including social, racial, and economic impacts; affordability and accessibility of the infrastructure to low income communities; the number of high quality jobs the project will create; environmental impacts; and accountability and transparency measures?

- If the government must use private equity financing, has it considered the option of using direct public employees for some or all of the maintenance and operation of the asset, instead of outsourcing these functions?

- If an existing asset is being proposed for privatization, has the governmental entity performed or contracted for a valuation of the asset? If so, how was the valuation determined and what methodology was used? The methodology can dramatically increase or decrease the valuation range. It may be necessary to get outside expertise to review the valuation and methodology, including the assumptions used and the details of the calculations.

- If an existing asset is being proposed for privatization, has the government prepared an economic analysis describing potential revenues and expenses if the asset remained in public hands? Has the governmental
entity identified alternatives to privatization that include rate or fee increases going directly to the public entity rather than a private contractor? Alternative options could also include the governmental entity improving its management of the asset, probably with increased fees or rates.

**How will your city, county, or state finance the project?**

- Why is private equity financing being considered for the project in lieu of traditional public financing? Has traditional public financing been considered?
- Are there obstacles in the way of public financing?
- What other funding and financing streams will be used for the proposed project?

**What is the long-term impact on your government’s budget?**

- How will the governmental entity compensate the private entity? Typically, private investors are paid back through the rights to revenue streams associated with the asset (such as tolls or fares) or through regular payments from the governmental entity, known as availability payments. For more information about availability payment schemes, please see In the Public Interest’s publication, *Availability Payments in Public-Private Partnerships: Issues and Implications*: http://www.inthepublicinterest.org/wp-content/uploads/ITPI_AvailabilityPayments_May2018FINAL.pdf
- What are the implications of the compensation scheme to your government’s budget?
- What are the transaction costs that the governmental entity will incur with a P3 approach, such as contracting costs and oversight costs?
- Will the governmental entity incur hidden costs with a P3 approach? For example, jobs created from a project that pay low wages or fail to provide health insurance benefits may result in an increase to another part of a governmental entity’s budget, as the need for social safety net services will increase.
- An existing asset might provide revenue to the governmental entity. If the asset currently provides net revenue to the budget, how is that revenue spent and who benefits from that revenue? Will the loss of that revenue disproportionately impact low-income communities or communities of color? Importantly, how will that revenue be replaced?
- If a proposed privatization deal for an existing asset requires investors to make a large upfront payment to the governmental entity, are there budget restrictions that prevent the funds from being used too quickly?
- How will the proposed privatization deal impact the governmental entity’s bond rating? Are there risk factors associated with the deal that could impact the governmental entity’s future cost of borrowing?

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In the Public Interest is a national resource center that studies the privatization of public goods and services. For resources and guidance, contact: info@inthepublicinterest.org

Local Progress is the national network of progressive elected officials from cities, counties, towns, school districts, villages and other local governments across the country. Our members are committed to reclaiming the power that cities and counties have and to advancing our shared vision of shared economic prosperity, equal justice under law, livable and sustainable communities, and good government that serves the public interest.
For any stakeholder interested in ensuring that infrastructure is progressive and creates broad benefits for your community, one of the most important first steps that you can take is identifying infrastructure needs and plans in your area. While infrastructure planning will look different in each locality and region, the following guide is designed as a basic starting point to help you gather the right information and ask the right questions to better understand your area’s infrastructure priorities.

1. **Understand what governmental entities are responsible for particular infrastructure needs.**
   
   For example, what is the city responsible for? Is there a separate water authority that oversees the water and wastewater system? Is there a separate transit authority that oversees public transportation infrastructure? It can be helpful to think broadly about the type of infrastructure that you are interested in and make sure that you know which governmental entity is in charge of each infrastructure type. Infrastructure can include things like roads, bridges, parks, government buildings, jails and other correctional facilities, transit systems, parking facilities, water and wastewater systems, schools, and more. Hint: Locate and identify big projects, there will be lots of small things, so don’t get lost.

2. **Locate your city’s or state’s most recent Capital Improvement Plan (CIP).**
   
   Cities will typically use a Capital Improvement Plan to identify priority capital projects in the 5 year range (although some may cover shorter or longer timeframes). It may include a planning schedule and options for financing the projects. These are typically updated every year or every couple years to reflect changing priorities, so it’s important to obtain the most recent version. Understand what departments/authorities are covered in the CIP, since other types of infrastructure may fall under other agencies’jurisdiction, as discussed above. You will have to contact that specific agency/authority/etc. to obtain its CIP. For example, some regional water authorities, transit authorities, or airport authorities may have their own CIP documents.

3. **Locate your city’s or state’s long-term infrastructure plan.**
   
   Many cities and other governmental entities create long-term planning documents to put forth a vision of the future of the city or region. Sometimes these long-term plans project 20-30 years in the future. While not as helpful as CIPs in identifying specific projects, locating and analyzing these long-range plans can be helpful in understanding how policymakers and planners see the area developing over the next few decades and what bigger-picture values and rationales are driving infrastructure decision-making. Note that long-term plans may cover all a city’s infrastructure plans, or there may be separate long-term plans for different types of infrastructure, such as water, transportation, public transit, etc.

4. **Check if your city or state has infrastructure maps.**
   
   Some cities and other governmental entities utilize mapping technologies to show where active projects are located and where prospective projects would be located within the region. This can be a convenient tool in understanding how projects may impact particular neighborhoods and communities. These maps can typically be found on the city or governmental entity’s website and are sometimes even interactive.
5. **Understand how available bond proceeds are being spent.** Cities may issue bond program reports at particular points in time to update the public on how bond proceeds have been spent and how they will continue to be spent in the future. These reports may contain important information about upcoming projects that are already funded, and can be an important source of information for advocates wanting to ensure already funded and scheduled projects meets the needs of the community. One question to understand is what major bonds have passed for infrastructure that are still being used to fund current or future infrastructure.

6. **Identify any committees with authority over infrastructure planning.** There may be a planning committee or other type of body that regularly meets to assess infrastructure needs and plans. Sometimes these committees are involved in the Capital Improvement Plan mentioned above. Accessing minutes of these meetings and other documents that come from the committee can also shed light into how planning priorities are made and rationales behind planning decisions.

7. **Identify any infrastructure projects that were authorized by specific legislation.** Some infrastructure projects may be authorized through city ordinance or legislation. Keeping an eye on introduced legislation related to infrastructure, especially infrastructure that may be financed outside of traditional public finance methods, can help you identify a specific project in its early stages.
NOTES


5. Ibid.


7. See examples from In the Public Interest, “How Privatization Increases Inequality” Section 2, September 2016.