This report contains summaries of academic articles, white papers, and journalistic pieces focused on P3s, with a special emphasis on their relevance to higher education. The authors surveyed maintain that while the financial climate has made P3s attractive, they come with a number of risks. As a result, when authors offer advice, they emphasize the need to actively manage such partnerships and to ensure cost-savings—which don’t always pan-out—are not the only motivation. What could draw a public agency to a P3 besides cost-savings? Authors stress that public agencies may consider a P3 when a private firm has operational expertise the agency lacks. In the realm of higher education, this most frequently comes into play concerning dorms—the most popular form for P3s on American campuses. While universities focus on teaching, advising, and research—their “core” functions—a residential services company can better manage dorm life, it is suggested. Of course, this raises the question of control, especially as dorm life often entails hairy issues like substance abuse.

But higher education P3s are expanding beyond dorms, with the most costly and expansive project occurring at UC Merced, an example a number of the summaries below touch on. The UC system’s newest campus has launched a $1.3 billion plan intended to expand the school’s footprint by 1.2 million gross square feet, doubling the size of UC Merced. The project, dubbed Merced 2020, includes dorms, but also classrooms, research spaces and infrastructure. According to the project’s official website, “In July 2016, the UC Regents approved a budget of $1.3 billion for the Merced 2020 Project. Of that total, $600 million will come from UC external financing; the developer, Plenary Properties Merced, will invest $590.35 million; and campus funds will account for $148.13 million.” In the often variable parlance of P3s, this project is a “availability-payment concession,” which means, according to UC, that “a single private development team designs, builds, operates and maintains major building systems and partially finances the entire project under a single contract known as the ‘Project Agreement.’” Once buildings come online, “the university will make performance-based ‘availability payments’ that cover remaining capital costs, as well as the operations and maintenance of major building systems.” The arrangement will last for 39 years. As noted below, campus leaders have observed that managing the P3 has been a tall task, with one administrator comparing it to overseeing “a series of parallel swim lanes, each brimming with tasks.” You can read more about Merced 2020 at the project’s official website here.

More critical voices can be found in this overview, especially in the realm of infrastructure. For example, a report from the Economic Policy Institute argues that the premise justifying the rise of P3s in infrastructure—an absence of financing tools—ignores the cheapness of municipal debt and other strategies. The real issue, it argues, is the political will to specify funding—in other words, who pays and how. Likewise, a number of high profile P3s have been flops, for example a botched deal between the City of Chicago and Morgan Stanley concerning its 36,000 parking meters.

1. Academic Articles
What are P3s?


What is a P3? The author argues that there are six distinct uses of the term, which he understands by viewing them as the strategic framing devices of neoconservative and neoliberal actors. Generally, the emphasis on partnership in P3 discourse works to conceal an ideological interest in shrinking the state, though the author identifies different rhetorical strategies for justifying this end. The six uses the author identifies are: P3 as management reform, which emphasizes their efficiency gains over the public sector; P3 as problem conversion, by turning the tasks of public agencies into practices that will attract profit-seeking actors; P3 as moral regeneration, whereby the introduction of a market element instills “market-inspired traits of character”; P3 as risk shifting, where they are framed as a means to displace risk from the public into the private domain; P3 as restructuring public service, where they are means to overcome public sector stagnation and (union-endorsed) bloat; and P3 as power sharing, where an adversarial public-private dynamic is replaced with a collegial one.


Jessop notes that P3s are seen as a tool for avoiding market failure and state failures. While markets do not always serve a socially-desirable interest, states often lack the capacity and information to achieve their goals. Actors have thus turned to what Jessop calls governance, namely “horizontal self-organization among mutually interdependent actors” (4). The article is not strictly critical of P3s, but takes aim at those who see them as unproblematic. Jessop identifies four tensions inherent in governance structures that can contribute to failure: cooperation vs. competition; openness vs. closure; governability vs. flexibility; and accountability vs. flexibility.

What Makes a P3 Succeed?


Starting from the observation that many P3s fail, this team surveyed Dutch P3s to discern what leads to success. While previous scholars have emphasized the structure of contracts governing P3s, these authors found that trust and managerial effort were more strongly correlated with success than any particular contract arrangement.

This systematic review looks to identify a range of “critical success factors” for P3s. The study is not focused on higher education or the US, and draws most of the case studies it evaluated from abroad. According to the article, “the top most five factors are appropriate risk allocation and sharing, strong private consortium, political support, community/public support and transparent procurement.”


If a main incentive for the public side of P3s is cost-saving, how well do such arrangements do at achieving that goal? According to the authors, P3s are not a safe bet. Considering P3s through the lens of a transaction cost model, the authors argue P3s are “prone to conflict, high contracting costs, opportunism and failure.” While P3s are often touted as lowering production cost (for example, a private firm building a sewer plant for less than a city government), that savings could be erased if one also considers the cost to the city of managing the private firm. Their evidence is based on six large infrastructure projects and a look at the use of P3s in the American prison system.


This article “investigates the evidence used in the debate over public- sector collective bargaining and privatization.” Generally, public-sector employees are relatively poorly compensated, but receive better benefits than their private-sector peers. Thus, any cost differences are a wash. In other words, there is no “public employee compensation premium.” However, in the process of privatization, money can be lost due to the “overhead costs of competitive bidding, monitoring, oversight, and evaluation,” though this isn’t inevitable, and if properly done, can even lead to cost-savings. The article goes into great depth explaining how public and private sector employee costs are compared, and where the comparisons stumble into problems. Overall, he notes that the research on benefits is mixed, though he cautions that recent work may be less likely to turn up wise privatizations because “the low- hanging fruit may have already been picked for privatization.” The article also includes a nice overview of the political rhetoric around privatization, noting that conservatives tend to emphasize its benefits with a blanket endorsement.

This article is a case study of three housing developments at Georgia Tech, two of which are P3s. The author identifies three tensions in P3s, what she calls “a triangle of pressure”—control, responsibility, and oversight. She begins by noting the context in Georgia. While the state previously funded university expansion with the selling of bonds, it restricted bond funding to classrooms, labs and libraries in the early 2000s, leaving a number of other projects like dorms and food services unfunded. To make due, the university system began launching a series of P3 projects.

In her study of the dorms, she found that, “Whenever the public sector becomes more privatized, there are discussions about who is in control, who has oversight, who is the manager, what is outsourced, who is the monitor, and what happens when there is poor quality or poor performance.” Overall, the P3 dorms were well received and university officials believed they wouldn’t exist without the P3 model, however, compared to the state-funded project, there were concerns about flexibility, should the university come into conflict with the private operator.

2. Professional Reports

2019 - The Chronicle of Higher Education, “The Outsourced University: How public-private partnerships can benefit your campus,” Special Report by Scott Carlson (contact Michael Burawoy or purchase a copy from the Chronicle’s website)

This report begins by exploring the financial crisis propelling the rise of P3s, while also touting their advantages. The author notes that while the traditional higher ed P3 is a dorm project, there has been a creep toward more academic-minded partnerships, such as around online education and advising. The report includes a number of case studies of large P3 projects, and also draws on a survey that the Chronicle and George Mason University sent to universities—according to the report, 83 percent of respondents said they anticipated expanding their use of P3s (the research design was not explained beyond a note that 249 university leaders were surveyed). The survey found that “loss of control” was the biggest concern with P3s. Contra common wisdom, the survey also found that access to capital wasn’t the top reason universities sought out P3s, but instead “unique competencies.” Throughout, the report emphasizes that these partnerships are not likely to go away: “an analysis by the consulting firm EY-Parthenon, projects in the sector grew from $100 million in 2003 to more than $3 billion today.”

The report does a nice job illustrating the diversity of arrangements that exist under the P3 header. For example, while revenue is often central to these deals, sometimes the revenue comes from the college itself—“For example, a university could form a contract with a wind-farm developer to finance, build, and manage a field of turbines, with the agreement that the university would pay a locked-in rate for energy over 30 years.” While the previous example can be termed “availability-payment P3,” another variety is the “concession and demand-risk P3.” In these arrangements, “companies take their
payments from revenues generated from the use of the facilities,” such as with the familiar P3 dorm approach. A less prominent type of P3 is “savings-based,” where a P3 earns revenue “from efficiency efforts, like energy-services companies, known as ESCOs. These companies evaluate the energy use of an institution, finance and install energy-efficiency equipment, and then gather the revenues from the energy savings.” Sometimes projects switch between these models or combine aspects of multiple types.

The report highlights a number of prominent and unique P3s. One of the more unusual occurred at Ohio State, where the university sold a 50-year lease on its existing 36,000-space parking system to an Australian firm for $483 million, money that was directed into the school’s endowment. As part of the P3 deal, “Ohio State is not allowed to make significant efforts that would reduce the number of cars coming to campus.” At UT-Austin, the university partnered with an outside group, which funded the construction of a $300-million basketball stadium. While the university will keep revenue from university-related events, the private firm can use the building on off-days to host concerts and other revenue-generating events.

2018 - Society for College and University Planning, “P3 Performance for Higher Education,” SCUP Fellow Research Project Final Report, by Ryerson University Director of Planning and Development Nicolas de Salaberry (link)

This report begins by noting that P3s are often motivated by financial concerns: “access to funds, access to better borrowing rates or access to alternative credit sources were central decision points on whether to embark on a P3.” However, this leads to a tension the author identifies: “those responsible for the non-financial aspects of project execution were essentially required to utilize a P3 procurement model that was selected by decision-makers focused primarily on financial matters.” While P3s often begin as a way to navigate a tough financial situation, the author stresses the wide variety of formal P3 agreements means that the dynamics of projects can be quite different, despite fitting under the P3 label. To think about the variety of P3 agreements, the author notes such deals concern six areas: Design, Build, Finance, Operate, Maintain, and Land Procurement. According to the author, “the more services that are assumed by the private partners, the greater the financial risk transfer achieved for the institution.” The report includes a review of prominent higher education P3s, showing how these services have been distributed between the institution and the private sector. At Merced, for instance, operations and land (as well as revenue) are under Merced’s control.

After reviewing these different projects, the author contends there is no “best” model, as each project is context-specific. However, he did note that P3s with revenue potential are often misunderstood. While they can be pitched as “cost neutral,” due to the projections of revenue off-setting costs, “there are still concerns. For example, “if student housing is provided by a third-party developer (as at York and Drexel above) the institution will usually have less control over affordability or reduced control over some
aspects of how student life is supported. Respondents made it clear that most trade-offs were known but some resulted in 'lessons learned.'

2017 - Economic Policy Institute, “No free bridge: Why public–private partnerships or other ‘innovative’ financing of infrastructure will not save taxpayers money” (link)

This report looks to undermine those who cast P3s as a magical, uncomplicated solution for the nation’s arthritic infrastructure. According to the report, “P3s do not allow for simple outsourcing because they do not bypass the need to fund infrastructure or the need for competent public management.” While the report finds P3s enjoy cheaper construction costs, “they do so largely because they ignore the Davis-Bacon Act, which requires the payment of prevailing wage rates to all workers on federal or federally assisted construction contracts. This apparent advantage thus does not represent a gain in economic efficiency but merely a redistribution of funds away from construction workers.”

The report stresses the distinction between funding and financing, something it argues is conflated in political debates over P3s. According to the report, “Funding refers to how the infrastructure is paid for, either through user fees, taxes, or both,” while financing, “involves structuring user fees and taxes in a way to allow upfront costs to be paid for over time.” Elaborating on the difference, the report specifies that “Funding of a road, for example, may come from a state or city tax on gasoline. But financing the road—making the upfront payment to the builders who construct it—is often done by issuing municipal bonds (that is, borrowing money from private capital markets) that pay a stream of income (from increased gas tax revenues) to the purchasers of those bonds.”

Why does this matter? The report suggests the impetus for P3s is often mischaracterized. As it notes, “a lack of ‘innovative’ financing is not to blame for holding back infrastructure spending in the United States; various nontraditional financing mechanisms have been used and are still in use. Rather, it is the lack of political will to ask for the necessary funding for infrastructure that holds back infrastructure spending.”

2017 - Ernst and Young–Pantheon, “Public-Private Partnerships in Higher Education: What Is Right for Your Institution?” (link)

This report is focused on the tensions between a university’s “core” educational mission and the tasks that come with owning a vast array of infrastructure and buildings. Within the context of declining state support, P3s are presented as a sensible if not full-proof tool for buttressing the core mission while ensuring campus remains spiffy enough to attract students who may not only select a school based on academic considerations. In addition to making familiar claims that P3s increase access to capital and can be more efficient, the article also suggests they free up administrative capacity for core functions (a point somewhat at odds with other reports and articles that stress strong management of P3s is key to their success). The report divides P3s into four types: operating
contract/management agreement; ground/facility lease; availability payment concession; and demand risk concession. In the first, a private firm agrees to operate a facility, such as a food court. In the second, a firm constructs, operates and maintains a project. In an availability payment concession, a firm constructs, operates and maintains a project and is guaranteed annual payments. A demand-risk concession approach is similar, but instead of getting a set annual payment, the firm is entitled to revenue associated with the project.

2019 - P3 EDU (event hosted at George Mason University), The New Era of Public-Private Partnership in Higher Education, By Dr. Michelle Marks and James Sparkman (link)

This brief report looks at the shift in P3s from revenue-generating infrastructure projects to academic services. Some P3 growth areas it identifies include enrollment services and online course management. The piece identifies some risks unique to these partnerships, such as accreditation impacts, the necessity of faculty input (a risk, they say!) and the impact on student experiences.

2016 - PwC, Public-private partnerships in the US: The state of the market and the road ahead (link)

This report focuses on the demand P3s are meeting in the nation’s infrastructure realm. While P3s began en masse in the form of toll roads, they have branched out to cover a diverse array of infrastructure projects. For example, in Kentucky, the state signed a P3 to create a $275 million broadband network. The report also highlights the UC Merced deal, commenting, “The UC Merced project’s size and ambition could pave the way for even more major university projects.” The report, like others, stresses that finances are not the only motivation—cities and other government agencies have access to cheap credit, so there are often other incentives, such as project-specific expertise.

3. News Articles

P3s in Higher Ed

5/5/19 - Public-Private Partnerships Take New Shapes (Chronicle)

This article is an excerpt from the special report the Chronicle of Higher Education released, "The Outsourced University: How Public-Private Partnerships Can Benefit Your Campus" (discussed above). The piece looks at two case studies of “successful partnerships,” highlighting cases that show how P3s have stretched beyond their original dorm-centered role. One case concerns a hotel at the University of Maryland at College Park, while the other looks at Concordia University at St. Paul’s use of an outside firm for “branding, marketing, recruitment, and retention for the university’s adult undergraduate programs and many master’s programs, both on the ground and online.”

A lawyer who runs a firm’s P3 practice group emphasizes that the trends driving P3 models are not slowing down, such as the defunding of public higher education by state governments. The author notes UC Merced’s $1.2 billion 2020 plan “is likely the largest and most comprehensive P3 in American higher education.” Digging into the details of that plan, the author writes it “employs an ‘availability’ method of payment whereby the university will compensate a concessionaire directly according to a predetermined formula and schedule for the post construction operations and maintenance of the facilities over a 39-year life cycle.” According to the author, the benefits of P3s are not just financial, but also derive from the ability to bring in outside expertise.

5/27/18 - Revealed: the developers cashing in on privatisation of student housing (Guardian)

This article investigates the owning of university dorms by offshore firms, which enables owners to benefit from the rent of students without contributing taxes to fund higher education. As the article notes, “One company collected £2.2m in rental income in 2016 but contributed just £10,000 in income tax after it paid £2.1m in charges, mostly to a Luxembourg based holding company.” The practice earned the ire of a Labour MP, who told the outlet, “Students are squeezed enough without paying high rents to offshore companies. It is a disgrace that offshore companies are maximising their gain from UK students whilst minimising their tax liability here. That this is perfectly legal demonstrates exactly why parliament needs to thoroughly examine issues of tax avoidance, evasion and offshoring.” As the article notes, P3s are on the rise in the UK: “One study estimated the market to be worth £45bn and billions of pounds worth of deals were done in 2017 alone. Investors from all over the world have snapped up student properties in England and Wales including big pension funds, foreign states and wealthy individuals.”

5/6/18 - How Colleges Manage to Afford Big Projects in Lean Times (Chronicle)

The article looks at the Merced 2020 plan, which goes beyond the typical university P3 project centered on dorms. While half of the $1.3 billion (elsewhere quoted at $1.2 billion) project is funded by UC, “the rest is financed by the Plenary Group, a private developer. Unlike in many P3 deals, the university owns the new buildings, but once they are in use, it will begin paying Plenary an annual fee based on how the facilities perform over the next 35 years.” The article also notes that, for private capital, public university P3s are seen as a safe investment. On the downside, the article notes Merced administrators have been absorbed by the task of managing so many different partners. According to the article, “the Merced project has been "all-consuming" for many on the campus, [then-Chancellor] Leland says. She likens it to a series of parallel swim lanes, each brimming with tasks — negotiating with local government officials in one lane, negotiating with unions in another — each needing attention to keep the project on track.”
7/14/17 - Proliferating Partnerships: Interest is high in public-private partnerships, which are allowing universities to pursue new types of financing and projects. But speakers warn that they aren’t a magic bullet (InsideHigherEd)

The article covers discussions of P3s at the Society for College and University Planning’s annual conference in 2017. Talks focused on their benefits, while also stressing that such deals are not risk-free, especially given the long time horizons they entail, a scale that makes unanticipated issues inevitable.

3/6/13 - Student rooms provider UPP issues bond (TimesHigherEd)

A private dorm developer in the UK is optimistic about its ability “to raise £382 million against the future revenues from accommodation projects at the University of Kent, the University of Nottingham, Nottingham Trent University, Oxford Brookes University and Plymouth University.”

Chicago’s Botched Parking P3 and the Nation’s Infrastructure

6/4/14 - Why Chicago’s Botched Parking Meter Privatization Is Also Bad for the Environment (NextCity)

The City of Chicago leased its 36,000 parking meters for $1 billion to a Morgan Stanley for 75-years. The P3 has largely been called a disaster, as a city agency argued the deal undervalued the assets, residents complained of hiked rates, and new costs emerged for the city related to managing the deal. This article focuses on one specific downside to the deal, namely a particular “compensation event.” In the world of P3s, compensation events are, according to the article, “financial penalties that the city must pay the private investor if certain events occur that may adversely threaten profits.” In this case, the removal of meters is one such event, even though such removal is inevitable during street maintenance or redesigns. Because the city most pay Morgan Stanley for any meters that are removed, the cost of projects has skyrocketed. This has gotten in the way of many transit-oriented projects, such as the construction of Bus Rapid Transit lines, bike lanes, and pedestrian safety features.

4/23/14 - The Privatization Backlash: For decades, city and state governments have seen contracting as a cost-saving panacea. But past experience has left some of today’s policymakers more skeptical (Atlantic)

This article focused on the opaque political process that surrounded Chicago’s failed parking P3. Facing a large Great Recession budget shortfall, then Mayor Richard M. Daley presented the deal, which passed the City Council just four days later. According to the article, “There were no public hearings, and the aldermen never saw the bid documents.” The deal sparked a movement in Chicago and elsewhere to increase transparency around P3s, led by the organization In The Public Interest. The group's
executive director, a former AFL-CIO official named Donald Cohen, told the magazine,"We’re not against contracting, but it needs to be done right. It needs to be accountable, transparent, and held to high standards for quality of work and quality of service."

5/25/19 - Editorial: Public-Private Partnerships Will Never Solve America’s Infrastructure Crisis (InTheseTimes)

This critical article notes a number of failed P3s (including in Chicago) and highlights the manner by which they often attract corruption—those pushing privatization often have ties to the companies looking to make a bid on a public asset. The author works for In The Public Interest, an organization that works to push for more oversight of P3s (the group is noted below).

6/7/17 - Public-Private Projects Where the Public Pays and Pays (NYT)

In the context of Trump’s push for P3s to serve as the backbone of an effort to update the nation’s infrastructure, the article notes that there is little evidence that such arrangements save taxpayers money. The piece makes an interesting point to explain why P3s are more common abroad than in the US, one I don’t see reiterated elsewhere with much frequency: “America is one of the few nations that exempt the interest on local and state bonds from federal taxes. As a result, the nation’s municipal bond market is bigger and more developed than in most other countries, and that makes public financing of infrastructure much more attractive, lessening the need for private partnerships.” As an example of a failed P3, the journalists point to a toll road in Orange County, which the county eventually had to buy back for $207 million. The county had felt constrained by a clause in the P3 contract that forbade it from infrastructure projects that could draw drivers away from the toll road, such as mass transit improvements.