

20 Lewis St
Providence, RI 02906
June 3, 2026

Senate Finance Committee
82 Smith St
Providence, RI 02903

Dear Chair DiPalma and members of the committee:

I am writing in opposition to S2822, a bill that encourages “public-private partnerships” without adequate cost controls. I am a member of the Kennedy Plaza Resilience Coalition.

Public-private partnerships (P3s) have significant drawbacks. Research by The Bond Buyer magazine showed that “Private sector partners are the biggest winners in P3 deals” and there is not enough focus on “value-for-money and the benefit to the public”. Commonly, unrealistic revenue projections made beforehand lead to problems later on.¹ Although proponents of P3s claim they transfer risk from government to the P3 vendor, the Center for American Progress found that “the state is able to transfer only a modest amount of project risk”; P3 vendors often end up suing the state and claiming that any problems are the government’s fault, and P3 projects can become “too big to fail” so that more and more money is spent on them. The “value-for-money” analysis issued before starting a P3 project is often inaccurate, and underestimates how easily the P3 process can become “cost-ineffective”.²

The S2822 bill fails to rein in the cost overruns and value-for-money problems commonly associated with P3s.

Existing RI law allows a variety of procurement procedures in RIGL chapter 37-2. But among those existing procedures, the one method which is best at pursuing value for-money in sizeable projects is competitive sealed bidding, described in RIGL 37-2-18 subsections (b) through (j). Given P3’s known problems with value-for-money, it is reasonable to require this competitive sealed bidding procedure as the sole procurement method for P3s. But instead, S2822 allows P3s to be awarded through any of several procedures from RIGL 37-2, without requiring competitive sealed bidding.

Some jurisdictions require a “guaranteed maximum price” (GMP) for P3 contracts to prevent cost overruns. For example, California requires a GMP for P3s that use a progressive design-build contract.³ S2822 mentions neither a GMP nor any other similarly effective method to prevent cost overruns.

If public-private partnerships are to be used, they should be covered by laws that impose strict “value for money” requirements so that the taxpayers and the public do not lose out. Unfortunately, S2822’s only mention of “value for money” is a vague requirement for “an evaluation for the value for money conducted by a subject matter expert engaged by the contracting agency that opines on whether the public-private partnership constitutes fair value for the state.” There are no detailed or rigorous requirements here, only what’s “opined” by some entity deemed to be a “subject matter expert”. Nothing stops the “expert” from issuing a slanted evaluation, for example an evaluation that compares a given contractor’s P3 terms only with other P3 contracts. This “opined” evaluation is no substitute

1 <https://www.bondbuyer.com/news/exclusive-research-revenue-mismatches-lead-to-issues-in-p3s>

2 <https://www.americanprogress.org/article/limits-risk-transference-public-private-partnerships/>

3 <https://law.justia.com/codes/california/code-pcc/division-2/part-2/chapter-1/article-6-5/section-10198-4/>

for rigorous procedures such as competitive sealed bidding and requiring a guaranteed maximum price. A small firm can easily make a good living by repeatedly “opining” to various state and local public-sector bodies that this or that P3 will be good value for money, and if many of these P3s later turn out to fail or develop huge overruns many years later, the firm that “opined” that they were good value for money suffers no consequences. Nothing stops the same “expert” firm from endorsing one bad P3 deal in one part of the country and then endorsing another bad P3 deal in a different part of the country or a different economic sector.

Despite its lack of effective value-for-money controls about P3s, S2822 actually encourages the state to use P3s more often. The bill requires DOA to write rules relating to P3 procurement that affirmatively “encourage the use of public-private partnerships.” The rules issued by DOA under this bill might say nothing about cost controls, or might deal with value-for-money in only a hasty and inadequate way, but in any case the bill insists that DOA’s rules must encourage P3s regardless. This is a recipe for boondoggles to happen.

This bill is a bad idea, and it should be opposed.

Sincerely,

Randall Rose