

COMMENTS ON:

HOW POLITICAL INSTITUTIONS SHAPE EDUCATION SPENDING:
SUPERMAJORITY REQUIREMENTS IN U.S. SCHOOL INVESTMENTS

BIASI, LAFORTUNE, & SCHÖNHOLZER

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NBER Fiscal Dynamics Conference

September 2025

GOALS AND CHALLENGES

- (Goal) Understand effects of supermajority requirements for bond propositions on level *and* composition of a public good (school financing)...
- (Challenge) Detailed data on school bonds and state institutions
 - Biasi, Lafortune, & Schönholzer (2025 QJE & AEA P&P 2021)
- Examine change in super majority requirements in CA (2000 Prop 39)
- (Challenge) Limited within-state institutional variation and few states with requisite bond data pre-2000
 - Develop structural setter model and estimate key parameters to conduct what-if analysis for California

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Figure A4: Bond Data Coverage, by Year

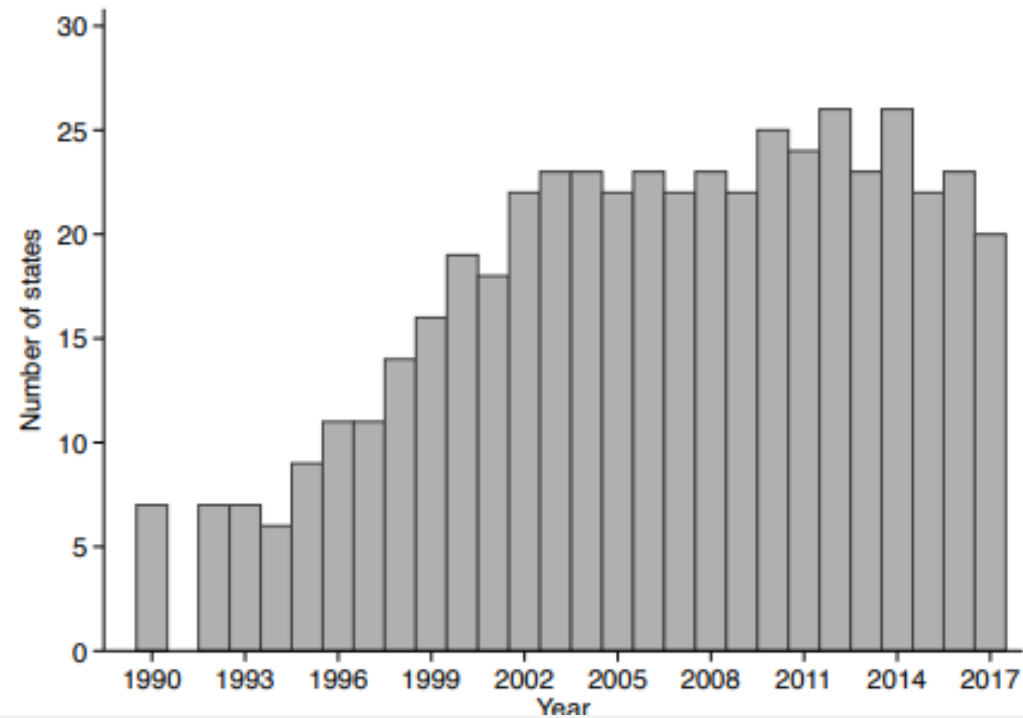
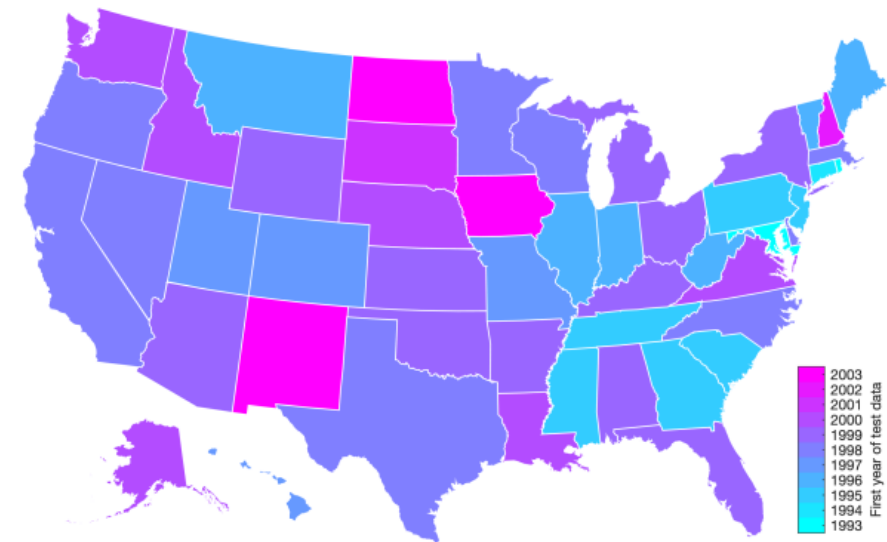


Figure A5: First Year with Test Score Data, by State



Note: First year for which we have test score data, by state

COMPOSITION OF BOND PROPOSALS

- Cross-walking 8 categories in 2025 QJE to 3 categories today
- How are bonds with multiple categories handled? How is the bond size apportioned among categories?

BIASI, LAFORTUNE, & SCHÖNHOLZER (2025 QJE)

Table A1: Number of Bond Categories: Summary Statistics

	Share of bonds w/category	# Categories, all bonds			# Categories, authorized bonds		
		Mean	Median	3th qtile	Mean	Median	3th qtile
All bonds	–	2.6	2	4	2.5	2	4
<i>By category</i>							
Classrooms	51.8%	3.1	3	5	3.2	3	5
Infrastructure	31.6%	4.1	4	5	4.2	4	5
HVAC	12.2%	4.7	5	6	4.6	5	6
Safety/health	19.5%	4.4	4	5	4.4	4	5
STEM	28.1%	4.3	4	5	4.3	4	5
Athletics	20.3%	4.1	4	6	4.2	4	6
Land purchases	15.1%	4.6	5	6	4.7	5	6
Transportation	24.1%	2.6	1	4	2.3	1	4

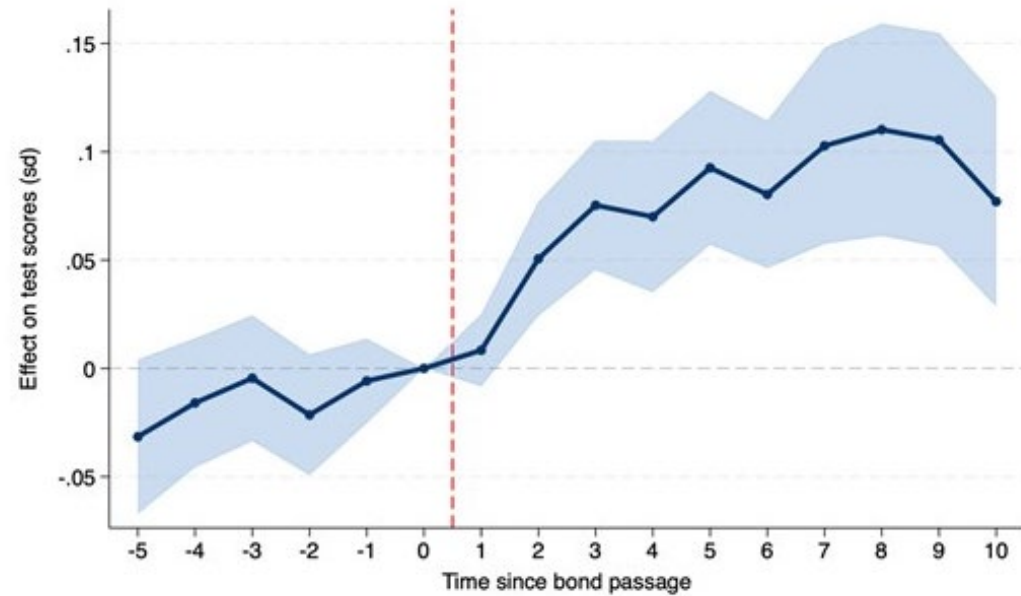
Note: Summary statistics of the number of categories across bonds. The first row refers to the full sample; the remaining rows refer to bonds containing each category. The first three columns refer to all bonds; the last three refer to authorized bonds.

COMPOSITION OF BOND PROPOSALS

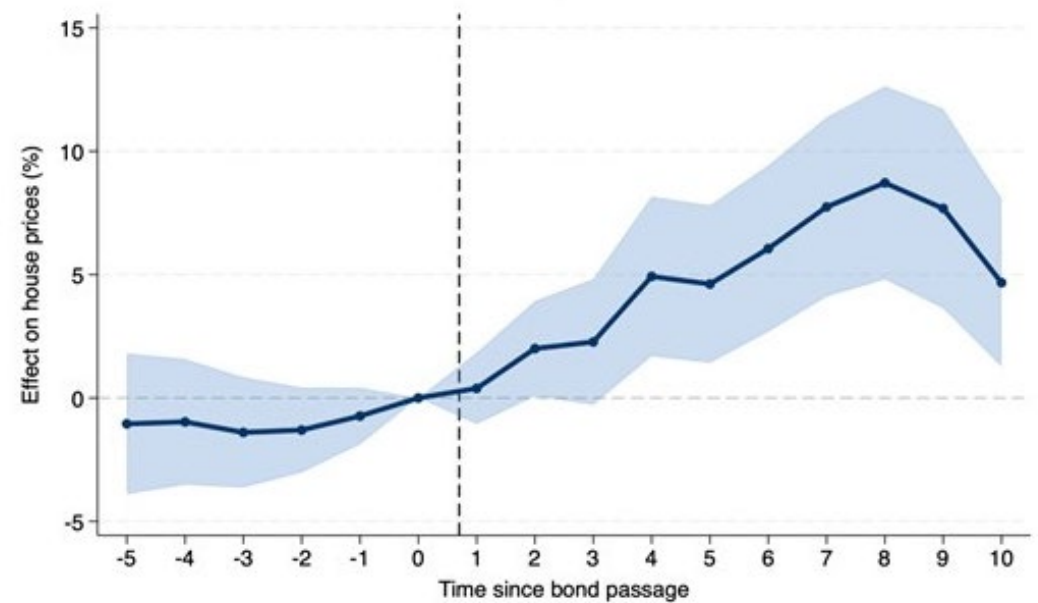
- Cross-walking 8 categories in 2025 QJE to 3 categories today
- How are bonds with multiple categories handled? How is the bond size apportioned among categories?
- Special tax provisions in bond proposal; change in debt burden
- Multidimensional choice space => multiple pivotal voters
McKelvey 1976 & Schofield 1978 (“chaos theorem”) vs
Caplin and Nalebuff 1991 (“64% solution”)

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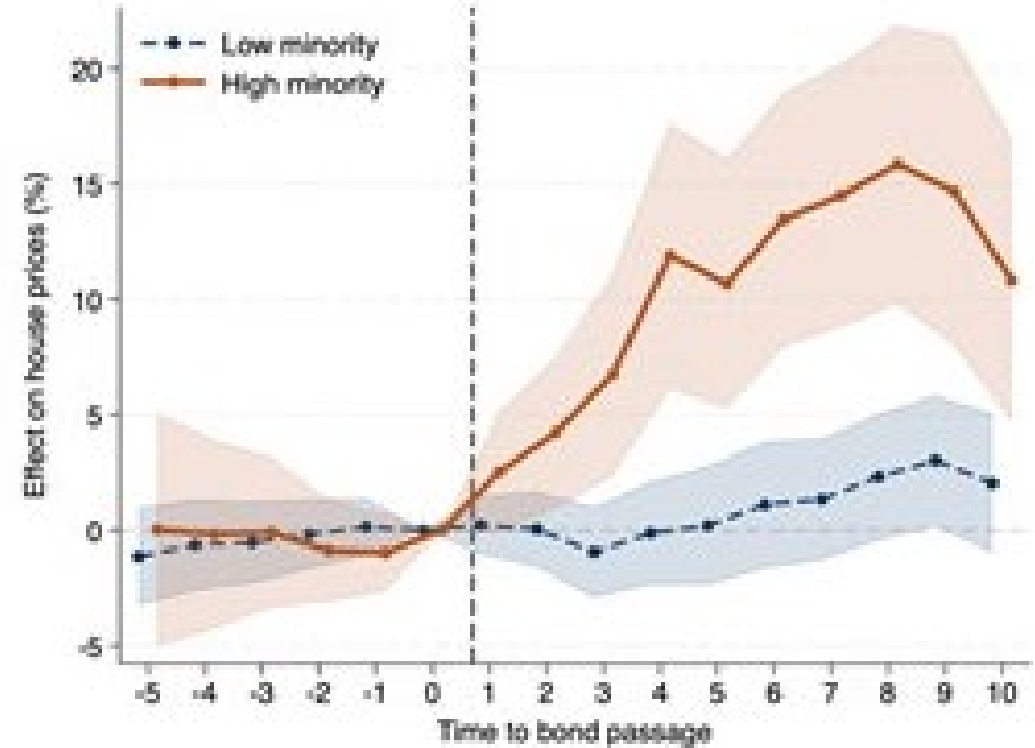
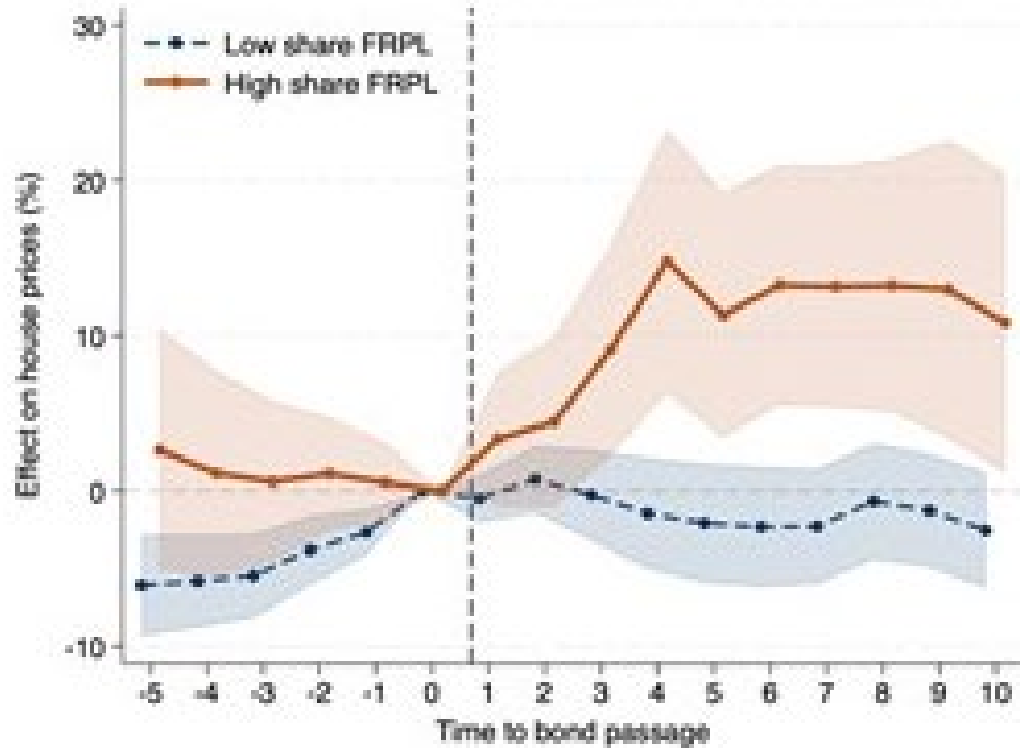
(A) Test scores



(B) House prices

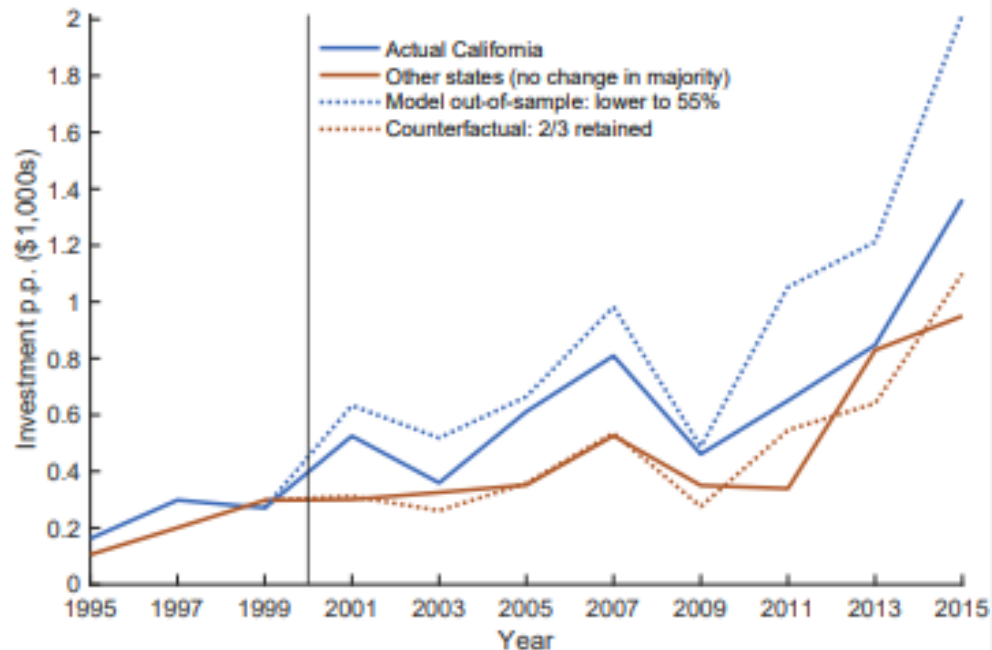


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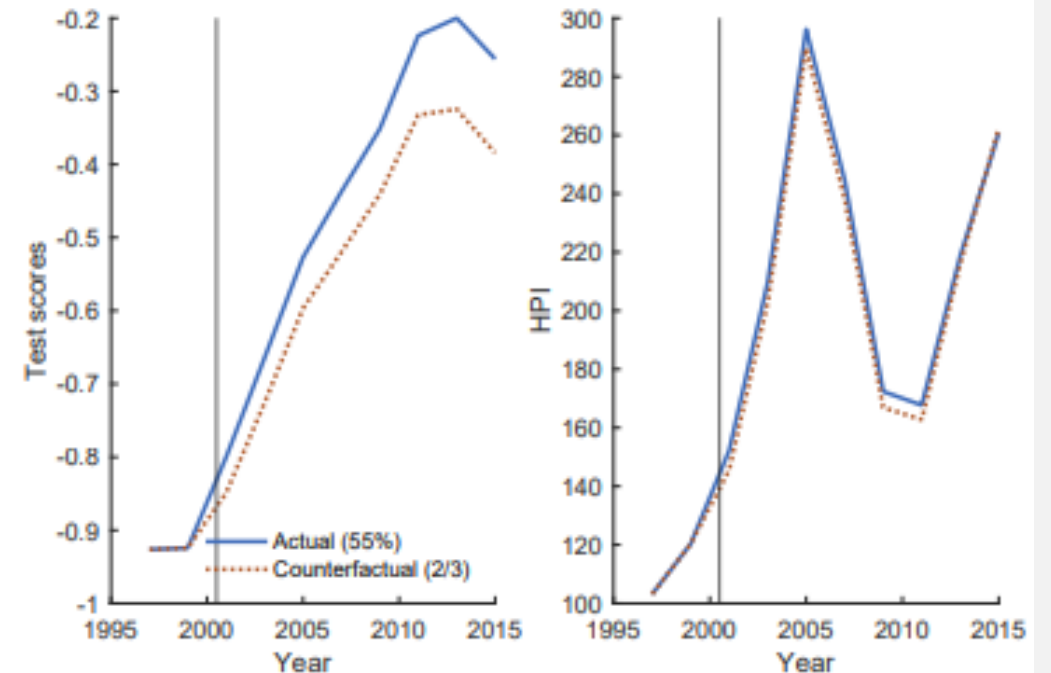


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Actual and Counterfactual School Investment



Student Achievement and House Prices



PROP 39 & CONCURRENT LEGISLATION IN CA

- Prop 39 lowers super majority requirement under the following conditions:
 - Funds used only for construction, rehabilitation, equipment, acquisition or lease of land for schools
 - A list of projects to be funded must be presented to the voters
 - Annual independent audits to ensure bond funds used only for stated purposes
 - Requires reasonably equivalent facilities for K-12 charter schools
- Concurrent legislation requires the following to implement the lower 55% threshold:
 - 2/3rds approval by school district board for ballot proposals
 - Timing of vote must be coincident with a state-wide primary, general, or special election; or regular local election
 - Associated tax rate levy is capped (e.g., \$60 per \$100K of taxable property value for a unified school district)
 - Establish a citizen oversight board

NOTE: districts can still schedule elections any time subject to the 2/3rds majority requirement

OTHER RELEVANT LAWS IN CA

- 1983-1987 Parcel taxes may be used for education – lump sum per parcel or per square footage (subject to 2/3rds supermajority)
- 1998 State bond funding (\$6.7B) to subsidize K-12 capital improvements:
 - 50% of cost of new facilities
 - 80% of the cost of modernizing existing facilities
 - 100% of the cost for “hardship cases”
- 2006 Proposition 1D approved - \$10B in bond funds for improvement of local schools
- 2016 Proposition 51 approved - \$9B in bond funds for improvement of local schools
- 2024 Proposition 2 approved - \$10B in bond funds to subsidize local school improvements

VOTER TURNOUT

- Timing of elections, turnout, and preferences of the pivotal voter (Anzia 2013) => Tradeoffs between on-cycle proposal with lower threshold and off-cycle proposals with higher threshold
- Rational choice model of turnout suggests instrumental motivations for voting (i.e., content of bond proposal) are *unimportant*; non-instrumental reasons dominate the turnout decision and voters are rationally ignorant...
- Any voter's decision to vote YES or NO is determined by heuristics (e.g., elite endorsements; trust in local government) and at best indirectly by the substance of the bond measure.
- Suggests trusted elites and interest groups are important players via endorsements, and trust is a key asset for school districts...(contra Lupia 1994)
- Maybe low SES districts have fewer trusted endorsers on the pro-school funding side and lower trust in local government?

(MIS)TRUST IN LOCAL GOVERNMENT

***How often can you trust your local government to do the right thing?
%“Hardly Ever”***

	Lowest Household Income Quintile	All Others
2008	30%	16%
2016	23%	15%
2024	37%	16%

Source: YouGov/CES/MIZ; (N=1,000/year)

MISCELLANEOUS THOUGHTS

- Economies of scale in capital projects $\Rightarrow$ large districts are less constrained w.r.t. lumpy investments $\Rightarrow$ differential treatment effects by district size?
- Tiebout sorting and short run vs long run effects of Prop 39
- Other horses are drinking from the same pool (fire district, parks district, etc.) $\Rightarrow$ year $\times$ district unobservables that also impact timing and size of school bonds...