

Relaxing Electoral Constraints in Local Education Funding

Michel Grosz (Federal Trade Commission) & Ross Milton (University of Wisconsin - Madison)

Journal of Policy Analysis and Management, 2025. 44(4). — <https://doi.org/10.1002/pam.70023>

Local governments often need voter approval before issuing bonds or raising taxes to fund public projects. In many states, these measures require more than a simple majority to pass. Supporters argue these rules protect taxpayers and limit government spending, while critics argue they make it difficult for communities to invest in schools and infrastructure.

This paper studies a major institutional change in California. In 2000, voters approved Proposition 39, which lowered the vote threshold required for school construction bonds from two-thirds to 55 percent for K–12 school districts and community colleges.

What We Did

We assembled data on more than 4,500 local bond elections between 1995 and 2016 and examined how school districts responded after the reform. Because the policy applied to school districts and community colleges, but not to other types of jurisdictions, the reform created a useful comparison for isolating the effects of lowering voting thresholds.

The analysis examines how the reform affected the size of bond proposals, voter support, and the total amount of approved funding for school construction and infrastructure projects.

What We Found

The reform substantially increased school bond funding. School districts and community colleges more than doubled approved bond funding per resident after the threshold was lowered. Importantly, districts did not become more likely to place bond measures on the ballot. Instead, they proposed larger bond packages, and those larger proposals became more likely to pass under the lower threshold.

At the same time, voter support for school bonds declined modestly after the reform. Average vote shares fell by roughly 6 percentage points, though this decline was smaller than the reduction in the required vote threshold itself. The results suggest that local officials adjusted strategically once passage became easier, proposing larger and more ambitious projects even when they expected somewhat weaker voter support.

The increase in funding was concentrated in racially and ethnically diverse districts, suggesting that the reform had the largest effects in places where political disagreement or electoral uncertainty had previously constrained public investment.

Why It Matters

The findings have broader implications for debates over tax limitations, supermajority requirements, and local democracy. Relatively modest institutional changes can substantially affect public investment decisions and reshape the balance between voter control and government flexibility in the provision of public goods.

More broadly, the paper shows that the rules governing elections can meaningfully shape public investment outcomes, even when voter preferences themselves do not change.