Supermajority Requirements and Voter Preferences in U.S. School Capital Investments (joint work with Barbara Biasi and Julien Lafortune)

Abstract:
Political institutions determine how preferences translate into public goods provision. But how do changes in these institutions shift the balance between different stakeholders, and how do these shifts ultimately affect economic outcomes? We study this question in the context of school capital investments in the U.S., where ten states require supermajorities of school district voters to agree to capital bonds. We build a probabilistic voting model of school districts that strategically design and propose bonds in light of their voters' preferences and their supermajority requirement. Using a newly assembled dataset of more than 10,000 bond referenda, we then estimate the structural parameters of this model and validate it with the reduction of the supermajority requirement in California in 2001. We then estimate counterfactual capital investments in supermajority states if bond passage only required a simple majority of voters. We estimate large changes in the size of investments, although voter preferences and fiscal regimes play an important role as well. We also evaluate changes in the effectiveness and efficiency of these investments, as well as their long-run impact on student achievement.