Getting the Vote: Do School Bond Issuances and Outcomes Depend on Ballot Disclosures?

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How to pass a school bond in California:

- Have more Democrats
- Have more voters with school-aged kids
- Don’t mention tax increases
- Mention climate (fixing HVAC systems)
- Mention tech (if you have younger voters)
- Go for sympathy (“dilapidated”, “aging”, etc.)

How reliable are the results?

	(1)	(2)	(3)	(4)	(5)	(6)
			Pct of Yes Votes			
Dummy for Fire Safety	0.011	0.011	0.010	0.011	0.011	0.010
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)
Dummy for Water	0.005	0.005	0.007	0.003	0.005	0.006
	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)	(0.017)
Dummy for Playground	-0.009	-0.009	-0.007	-0.009	-0.009	-0.008
	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)	(0.010)
Dummy for Earthquake-related	0.018	0.018	0.018	0.018	0.017	0.020*
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
Dummy for Mold	-0.020	-0.021	-0.023*	-0.021	-0.020	-0.021
	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)	(0.014)
Dummy for Leaks	-0.006	-0.006	-0.004	-0.006	-0.006	-0.004
	(0.009)	(0.009)	(0.008)	(0.009)	(0.009)	(0.009)
Dummy for HVAC	0.016**	-0.004	0.083**	0.110	0.007	0.006
	(0.006)	(0.031)	(0.032)	(0.071)	(0.027)	(0.006)
HVAC x Pct Young Voters		0.157				
		(0.253)				
HVAC x Pct Older Voters			-0.307**			
			(0.142)			
HVAC x Pct Participation				-0.125		
				(0.093)		
HVAC x Pct Democrat					0.021	
					(0.061)	
HVAC x Competitive Dummy						0.042***
						(0.014)

- E.g., disclosing HVAC needs leads to more “yes” votes
- This result comes and goes
  - Why is HVAC special?
  - What makes it more important than, e.g., fire safety?
  - What theory is being tested?

Suggestions for boosting reliability

- Use a hold-out sample
  - Generate OLS results using observations from, e.g., odd years (the sample period is 1995-2019)
  - Does the odd-year model predict “yes” votes for the even-year sample?
- Run the analysis year-by-year
  - Are the coefficient estimates stable in the time series?
- Run the analysis district-by-district
  - Are the coefficient estimates stable in the cross section?

What explains the timing of the effects?

- 2+ years elapse between bond passage and issuance (762 days, per Table 1)
- Yet spending, test scores, and house prices go up within 1 year

	(1) Log Local [illegible] yr t+1
Pass Bond Dummy	0.540***
	(0.114)
Winning Vote Margin	-0.630
	(1.241)
Number of Observations	1,052

	(1) [illegible] yr t+1
Pass Bond Dummy	4.392**
	(1.963)
Winning Vote Margin	-30.310
	(23.834)
Number of Observations	661

	(1) Log Mean [illegible] yr t+1
Pass Bond Dummy	0.022**
	(0.009)
Winning Vote Margin	-0.204**
	(0.097)
Number of Observations	1,157

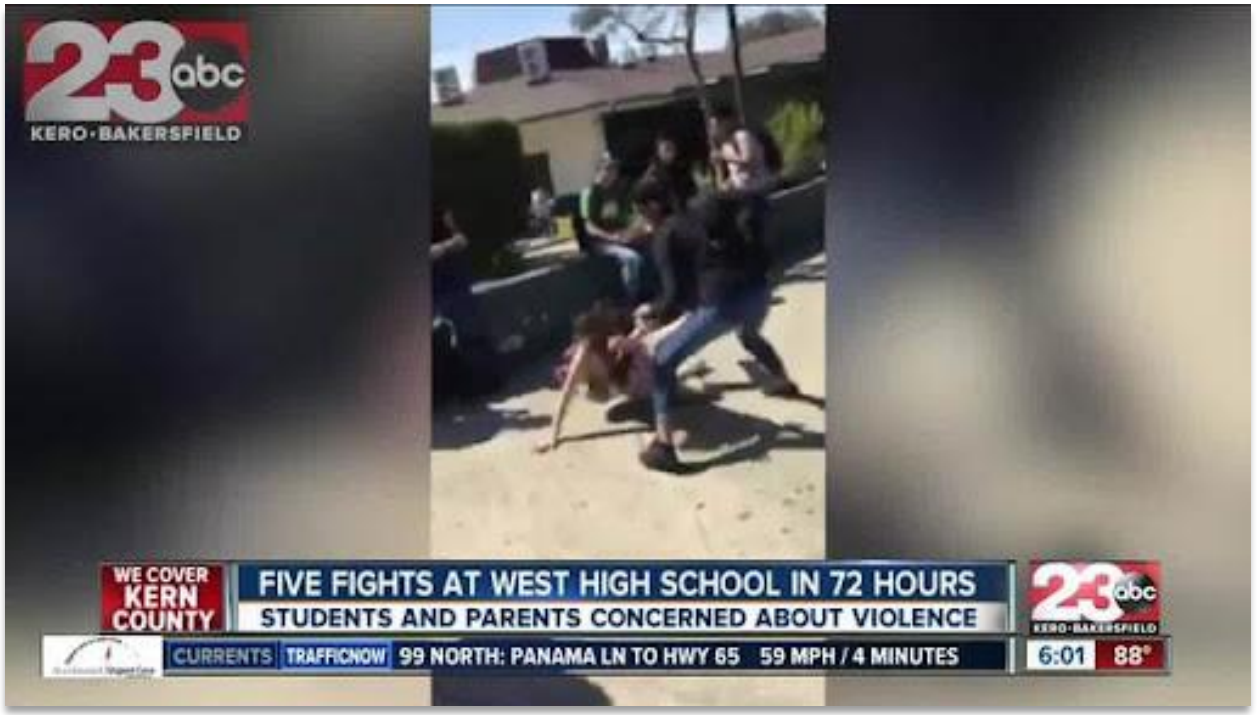
- How?
  - Do schools tap reserves in anticipation of arriving funds?
  - Do residents price the effect at the time of passage?

Are school bonds worth it?

- “Despite the clear need for school district funding…” (pg. 3)
- “…high costs may cause good projects to go unfunded.” (pg. 6)
- Cost per student:
  - Mean bond amount = $111,000,000 (Table 1)
  - Mean enrollment = 7,212 students (Table 1)
  - $111,000,000 / 7,212 students = **$15,391 per student**
- Benefit per student:
  - Mean test score = 744.2 pts (Table 1)
  - Mean test score increase for bond passage ≈ 7 pts (Table 3)
  - 7 pts / 744.2 pts ≈ **1% increase in test scores**

Free paper idea: Does local media coverage affect bond passage?

- Media affects financial decision making in many contexts (e.g., Engelberg and Parsons, 2011)
- Do polarizing news stories about schools affect voting?



Furious parents rip California school board after elementary teacher set up 'secret' LGBTQ club for children without informing them

- The unidentified teacher teaches third-grade at Pleasant Grove Elementary
- UBU - stands for 'you be you' was club's named open to grade third through sixth
- On March 5, parents voiced their concerns for the school's lack of transparency

By RUTH BASHINSKY FOR DAILYMAIL.COM
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Free paper idea: Do voters have budget constraints? Does framing matter?

- Budget constraints affect many financial decisions (e.g., Weingartner, 1966).
- Vast literature on framing and decision making (e.g., Cohen, 1960).

Ballot 1

1. Shall ABC Unified School District issue $1 million of bonds?
□ Yes □ No

Ballot 2

1. Shall XYZ Hospital issue $1 million of bonds?
□ Yes □ No

2. Shall ABC Unified School District issue $1 million of bonds?
□ Yes □ No

Ballot 3

1. Shall ABC Unified School District issue $1 million of bonds?
□ Yes □ No

2. Shall XYZ Hospital issue $1 million of bonds?
□ Yes □ No

Ballot 4

1. Vote for contentious political office
□  □ 

2. Shall ABC Unified School District issue $1 million of bonds?
□ Yes □ No

Providing answers to naïve questions would bring the text to life.

- Whose job is it to write bond disclosures?
- Are there character limits?
- How does the triple-diff in Table 5 work?
  - If two school districts are treated, but only one succeeds in passing a bond after 2001, then doesn't that imply that something else changed within the treated group?
  - Suggest using Treated x Post 2001 as an IV for Bond Passed

Editor's decision at the *JFJ* (Jess' Finance Journal): R&R

- Very practical paper with crystal clear policy relevance
- Suggest the authors solidify the reliability of the results
- Ballot design seems like a promising lab for studying determinants of financial decision making

Thank You