

# **Intergenerational Conflict in Education Financing: Evidence from A Decade of Bond Referenda**

**Livia Yi\***

*Boston College*

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I examine how population aging affects voter support for and the efficiency of public education provision. Analyzing a decade of school bond referendum data, I find that school districts with older populations are less likely to approve bond proposals to finance school investments. I leverage variations in historical birth rates to show that aging-in-place, rather than endogenous sorting, drives this effect. Comparing narrowly passed and failed referenda, I find that house prices do not appreciate after bond approvals in older-population districts, despite increased spending. These results align with generational political divisions over education investment but do not indicate inefficiency.

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# 1 Introduction

The US public education system plays a vital role, serving approximately 90% of students across the nation.<sup>1</sup> However, the aging population has raised concerns that the next several decades could witness growing intergenerational conflicts over the provision of local public goods, such as education. While the older generations have lower immediate demands for education, they may exhibit intergenerational altruism, or recognize that an educated young workforce benefits them by preserving the tax base necessary to finance programs that support the elderly (Levy, 2005; Epple, Romano, and Sieg, 2012; Galperti and Strulovici, 2017). Even if the aging population leads to reduced voter support for education funding, this doesn't necessarily mean that education investments will fall to inefficiently low levels. Schools in areas with an older population may have already received substantial investments due to past demands and, consequently, require fewer new investments today. In such cases, the political division between the older and younger generations may prevent excessive spending and facilitate the efficient allocation of resources.

In this paper, I study whether the share of the senior population in an area affects voter support for education funding, and consequently, the efficient provision of public education in the US. Researchers face three barriers in answering these questions. First, measuring support for education spending is challenging, because researchers often cannot observe the decision-making process of local voters. To overcome this challenge, I collect data on municipal bond referenda spanning a decade for six large U.S. states. Using this dataset, I construct proxies for voter support based on bond voting outcomes. School bond referenda provide a novel and meaningful laboratory to assess local sentiment toward education spending, as school investments are frequently financed via voter-approved municipal bond issues, repaid using future property tax receipts.

The second challenge lies in quantifying the efficient level of public education investment in a given region. I overcome this challenge through the lens of housing markets, drawing on standard models of local public goods. These models suggest that school districts should spend up to the point where marginal increases would have zero impact on local house prices (Cellini, Ferreira, and Rothstein, 2010). This principle holds because in an open economy where capital and labor are mobile but real estate is not, house

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<sup>1</sup>See <https://www.bls.gov/opub/ted/2018/a-look-at-elementary-and-secondary-school-employment.htm> and <https://nces.ed.gov/fastfacts/display.asp?id=55>.

prices should fully reflect the local economic value of infrastructure investment. A positive effect of spending increases on local property values is direct evidence that the initial spending was inefficiently low.

The third challenge involves establishing causality. The proportion of the older population in a community is endogenous to local characteristics, and school capital spending is often correlated with other factors, such as the state of the local economy, that also affect local house prices. To disentangle the effects of aging in place from those of endogenous sorting, I leverage variations arising from historical fertility trends. To isolate exogenous variations in education investment that are unrelated to other potentially confounding factors, I focus on bond proposals that narrowly pass or narrowly fail.

I amass a large dataset: bond referendum data for school districts in six large US states (encompassing about one-third of school districts nationwide), district-level demographics information from the Census American Community Survey (ACS), district historical spending data from the 1980, 1990, and 2000 Decennial Census, hand-collected data on annual state birth rates from the Center for Disease Control and Prevention (CDC)'s historical publications, municipal bond pricing data from Mergent, house price data from the Federal Housing Finance Agency (FHFA), and public school ratings from GreatSchools. The sample period spans from 2010 to 2019

I first estimate the relationship between the share of the elderly in a district and the voting outcomes of school bond proposals. A ten percentage point increase in the share of the population above 55 years old is associated with a five percentage point decrease in the probability of bond approval. In these regressions, I condition on a set of school district characteristics, such as income and education level, and state-by-year fixed effects to account for differences in state fiscal institutions such as debt limits and balance budget restrictions. These results hold after controlling for the share or number of school-age children in a district, or employing inverse probability weighting to address potential sampling biases arising from different frequencies of bond proposals (Solon, Haider, and Wooldridge, 2015). Moreover, this decrease in voter approval cannot be attributed to debt aversion among the elderly, as this negative relationship is not present among bond proposals unrelated to school spending, such as those related to public transit, sewage, and safety.

The negative association between aging and education support represents the combined effects of population aging in place and endogenous sorting. For instance, areas with good schools often have better amenities and lower crime rates. This makes them attractive to older adults who may choose to move there either because they value these amenities and safety or because they can afford the higher property prices

in such areas. Additionally, better amenities and safety can contribute to higher average life expectancy in districts with good schools. These patterns of sorting and mortality could imply a positive association between the share of elderly residents and school spending, potentially mitigating the negative effects of population aging in place.

I disentangle the effects of aging in place from those of endogenous sorting by focusing on variations solely resulting from historical birth trends. These variations are substantial due to states' differing exposure to the post-WWII baby booms. This approach allows me to examine a *ceteris paribus* scenario: what would be the impact on current education support if a district's population consisted solely of individuals born in that district decades ago? Indeed, the estimated negative effects become larger when relying on historical birth rate variations in a two-stage-least-square (2SLS) framework. This suggests that the effects of aging would have been considerably larger in the absence of sorting.

So far, these findings suggest that an aging population tends to diminish voter support for education funding. However, does this shift in voter preference necessarily result in insufficiently low investments in education? In other words, do the marginally not-financed projects due to generational preferences lead to local losses? *A priori*, the answer to this question is unclear. If schools in aging areas require substantial upgrades, and increased spending generates local economic benefits by enhancing the quality of education in these regions, then reduced voter support could lead to inadequate investment levels. However, if these areas have already received substantial past investments to the point where additional spending on education no longer yields positive returns, then it might be efficient to vote against new education investments. In such cases, the political tensions stemming from intergenerational preferences could curb overspending in education and serve as a disciplinary mechanism.

To examine the efficiency of education investments in areas with younger and older populations, I study housing market reactions to new investments. This approach is inspired by the classic work of Oates (1969), who develops a simple but powerful framework for testing whether local public goods are efficiently provided. The key conjecture is that local governments should spend up to the point where a marginal increase would have zero effect on local housing prices. If, instead, an additional dollar invested in local public goods raised house prices, this would suggest that such investment has increased the desirability of living in the district. Consequently, it would suggest that the initial level of public good provision was inefficiently low.

I combine this framework with plausibly exogenous variations in education investment stemming from

bond elections that narrowly pass and fail. While school districts issuing bonds are likely to differ, in both observable and unobservable aspects, from those that do not, these differences can be minimized by focusing on close elections. Using this approach, I separately estimate house price reactions to new investment projects in districts with younger and older populations. If it is indeed true that the political division between older and younger demographics leads to inefficiency, then I should observe *larger* house price appreciation effects after bond issuance in regions with an *older* population.

Dynamic difference-in-differences regressions around close bond elections reveal that house prices appreciate gradually after debt issuances. They reach about a 4% increase in the five-year period after a narrowly passed bond proposal, but only in districts with younger populations. In districts with older populations, in contrast, house prices remain flat for at least five years after the election year, despite a large and statistically significant spike in school capital expenditure within three years after the election. Taken together, these dichotomous results suggest that in districts with younger populations, where a marginal dollar of investment is more value-adding, bonds are more likely to be passed. Conversely, in districts with older populations, where a marginal dollar of investment is less value-adding, bonds are less likely to be passed. Taken together, these findings suggest that while an aging population can lead to lower voter support for education provision, such frictions tend to lead to efficient investments.

Why do house prices not appreciate in response to education investments in areas with an older population? One plausible explanation is that in these regions, education had received substantial investments in the past, relative to current needs. As a result, these areas may require fewer significant capital improvements funded by municipal bond issuances today. Two pieces of evidence are consistent with this interpretation. First, past capital expenditures relative to the current student base are higher in school districts with an older population. Second, current school ratings, a measure of overall school quality, are higher in districts with an older population. I also explore mechanisms related to different bond use-of-proceeds or cost of financing in older-population districts, and find evidence inconsistent with them.

My paper contributes to the literature on intergenerational conflicts over public goods provision. Theories on intergenerational conflicts and the politics of education provision have mixed predictions about whether and how the demographic structure of a population affects the support of public education ([Gradstein and Kaganovich, 2004](#); [Levy, 2005](#); [Epple, Romano, and Sieg, 2012](#)). Empirical studies examining the realized levels of spending find mixed results ([Poterba, 1997](#); [Harris, Evans, and Schwab, 2001](#); [Hilber and](#)

Mayer, 2009). While an important outcome to study, school spending may not be a direct measure of resident preference because it is also a function of school district fiscal conditions, and districts with older populations could have higher average spending because they have higher property tax revenues, offsetting the negative impact of preference. Measuring pure preferences is more difficult. Brunner and Balsdon (2004) use survey data in California to assess seniors' support for primary and secondary education, and Brunner and Johnson (2016) use California's university bond referendum data to assess preferences for higher education.

I contribute to this literature in three ways. First, I measure voter preferences for education provision by building a bond referendum dataset that covers six large U.S. states and a third of school districts in the U.S. Second, I use variations originating from historical birth trends to tease out effects of aging-in-place from that of resident sorting. Third, I take a step further and quantify how aging affects the efficiency of public education provision. In this aspect, my study is related to the political economy literature studying the effect of direct democracy on the performance of governments (e.g. Matsusaka 1992, Lupia and Matsusaka 2004, Matsusaka 2005). My framework of using housing values to gauge returns to public spending is similar to those used in the broader economics literature. For instance, Cellini, Ferreira, and Rothstein (2010) formalized this approach in the education economics literature,<sup>2</sup> and Aiello, Bernstein, Kargar, Lewis, and Schwert (2019) and Gupta, Van Nieuwerburgh, and Kontokosta (2022) used this approach in the finance and urban economics literature.

My paper also contributes to our understanding of the frictions underlying education financing in the U.S. Existing papers have identified racial biases (Dougal, Gao, Mayew, and Parsons, 2019), underwriting markups (Garrett, Ordin, Roberts, and Suárez Serrato, 2023), and wealth inequality (Boyson and Liu, 2022) as sources of frictions. I study a different source of friction affecting public school financing: the political divide between older and younger demographics regarding their preferences for public good provisions.

## **2 School District Finance and Bond Referendum**

Public school districts are special-purpose government entities that specialize in the local administration of elementary schools, secondary schools, or both. They typically have the autonomy to levy tax, issue bonds, and spend on various school-related activities. Public school districts are economically important. There

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<sup>2</sup>See Jackson (2020) for a literature review on the benefits of school investments.

are over 13,000 school districts in the United States. Collectively, these districts spend over \$600 billion per year, serve about 50 million students, and provide over 5 million job opportunities.

In most school districts, the school board is at the top of the organizational hierarchy. The board provides oversight and governance for a district and its schools. Below the school board is the superintendent of schools, followed by executive officials or assistant superintendents, who lead various departments within the district's bureaucracy. A school principal manages the daily operations of a given school and reports to the district's superintendent. School boards are responsible for the appointment and dismissal of the district superintendent, whom they delegate the routine operations of the district. School boards often may have the authority to set and levy tax rates, recommend measures to a legislative body, and be involved in personnel and financial decisions.

School districts rely mostly on property taxes to support public education funding. They collect taxes from residential and commercial properties as a direct revenue source for the school district. A common way for school districts to finance lump-sum capital investment projects is through issuing municipal bonds. Education municipal bonds constitute about 28% of the entire \$4 trillion municipal bond market.<sup>3</sup> Many school districts have the authority to issue General Obligation bonds to finance capital projects such as new school construction, existing building renovation, and the purchase of new land or school buses. A General Obligation bond is a long-term borrowing tool in which a municipality pledges its full faith and credit (taxing power) to repay the debt over a specified term. In the setting of school districts, these bonds are typically repaid with revenues raised from property taxes. In many states, the issuance of General Obligation bonds by school districts may require a referendum. A bond referendum is a voting process that gives voters the power to decide if a local government should be authorized to raise funds through the sale of bonds, for specific purposes.

Although the exact processes of bond issuance differs by state, when a referendum is required, a school district can go through five stages before it issues a municipal bond.<sup>4</sup> First, the school board sets priorities and discusses if a bond issuance is needed, and if so, for what purpose. They can also engage local communities

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<sup>3</sup>See <https://www.msrb.org/~/media/Files/Resources/MSRB-Infrastructure-Primer.ashx>.

<sup>4</sup>For some examples of states' descriptions of the referendum process, see <https://www.tasb.org/services/legal-services/tasb-school-law-esource/business/documents/overview-of-school-district-bond-issuance.pdf>, <https://www.tasb.org/services/legal-services/tasb-school-law-esource/business/documents/school-district-bond-election-process.pdf>, and <https://www.townofmorrisville.org/home/showpublisheddocument/5573/637595215838570000>.

and invite public comments. Second, the board then selects financial advisors, forms a bond counsel, and selects an election attorney. Third, the board can order the election and place the bond on the ballot. Fourth, voters collectively decide to approve or defeat the bond issuance. Last, if the bond is approved by voters, then the district will work with an investment bank to place the bond with investors, or a placement agent in the case of a private placement.

### **3 Data and Summary Statistics**

#### **3.1 School Bond Referendum**

I obtain bond referendum data for school districts in the United States through FOIA requests to the states' Department of Treasury and Department of Education. My dataset of school bond referenda covers six large US states, which are California, Illinois, Michigan, Ohio, Texas, and Wisconsin. These states together cover more than 33% of school districts in the U.S. The referendum data are rich and include variables such as the name of the district, the date of the election, the amount of bond proposed, descriptions of the purpose of the bond, the outcome of the bond election, and the number of votes for and against each bond proposal, which allows for comparison between elections passed and failed by narrow margins.<sup>5</sup> I also use data on local government bond proposals collected from S&P Global to track non-school bond proposals. These data cover 39 states and contain information on the date of the bond proposal and the outcome of the bond.

I match the bond referendum data to school districts' demographics and spending data (described below) based on district name, state, and year. The matching algorithm first pre-processes the strings of the names to adjust for differences in naming convention across states and databases, and then conduct exact matching. For unmatched observations, I then utilize a fuzzy matching algorithm based on string similarities. As a last step, I manually go over each fuzzily matched observation to correct for algorithmic matching mistakes.

#### **3.2 School District Demographics, Spending, and Ratings**

I obtain school district population demographics data from the U.S. Census American Community Survey (ACS). The data come from 5-year surveys and cover all elementary, secondary, and unified school districts

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<sup>5</sup>The number of votes for and against was not provided for the state of Illinois.



in the United States. The data contain the number of people by 5-year age bins and gender for each school district. From ACS, I also obtained variables to be used as controls in my regressions, such as the average family income and the percentage of the population with a bachelor's degree or higher in a school district in a given year. To control for local partisanship I also collect gubernatorial election voting data at the county level from U.S. Election Atlas.

I collect nationwide school district revenue and spending data from the National Center for Education Statistics (NCES) Common Core of Data for the years 2010-2020. The Common Core of Data is the Department of Education's primary database on public elementary and secondary education in the United States. It is of annual frequency and contains variables such as the number of students enrolled, the number of teachers and staff, revenues, expenditures, and expenditures by category (e.g. current vs. capital) and by purpose (e.g. instruction, food, salary, support services). I construct per-pupil capital expenditure measures for my analysis. To measure historical spending, I further obtain school district spending data from the decennial census conducted by the U.S. Census Bureau for the years 1970, 1980, 1990, and 2000.

I also collect data on public school ratings in the U.S. from GreatSchools. The data include the addresses of schools and their ratings in the most recent year (updated as of 2022). The rating assesses how effectively the school serves its students based on a variety of school quality metrics (such as college readiness, academic progress, advanced courses, equity, discipline, attendance, and more). Ratings are on a scale of 1 (below average) to 10 (above average). I calculate the average school rating for all schools within a school district, and merge this dataset with the school district referendum data based on unique school district IDs.

### **3.3 Historical Birth Rates**

To isolate variation in population aging determined by historical birth trends, I hand-collect historical birth rates and infant mortality rates for each state from 1945 to 1965 from the CDC's annual Vital Statistics of the United States publications. I transcribe the historical tables to machine-readable formats. The data describe the number of birth per 1,000 population and infant mortality rates for each state in a given year.

### **3.4 House Price**

My measure of house prices in each school district is based on the local house price indices developed by the Federal Housing Finance Agency (FHFA). The FHFA house price index is a weighted, repeat-sales index constructed using houses that have been sold or refinanced multiple times (Case and Shiller, 1988). During my sample period, these indices are available at the census tract level. I use the census shapefiles to match census tracts to school districts in the U.S. and calculate the average house price of a school district across all the census tracts within the district boundary.

### **3.5 Municipal Bond Yields**

I obtain tranche-level municipal bond primary market issuance data from the Mergent Municipal Bond Database. I collect variables such as issuer name, issuance date, and bond characteristics such as yield, amount of issuance, time to maturity, credit ratings, tax codes, call option flag, and more. I restrict the sample of Mergent bonds to be new-financing, General Obligation bonds issued between 2010 and 2021, for which the reported use of proceeds is for primary and secondary education. Then, I hand-match the municipal bond issuance data to the bond referendum data based on the name and state of the issuer and the local government, and the date of the bond election and the bond issuance. I require the date of the bond issuance to be within two years after the bond election date, and the amount of issuance to be within a 20% margin of the bond referendum proposed amount. The results are not sensitive to using a tighter margin, a shorter time frame, or requiring the amounts to be exactly equal in the matching process.

### **3.6 Summary Statistics**

Table 1 presents summary statistics for my sample of school district bond referenda. The sample period is from 2010 to 2019. The variables are winsorized at the 1st and 99th percentiles. The average district has about 29% of the population with age above 55. This statistic increased during our sample period, from 26% in 2010 to over 30% in 2019. For a school bond proposal, the average percentage of supporting votes is 58%. About 70% of school bonds are approved by voters, but this statistic varies tremendously across districts and years, and the standard deviation is about 45%. The average amount of bond proposal is \$56

million, and this statistic is highly skewed—the median amount of bond proposed is around \$18.5 million. An average district spends about \$11,144 per pupil, around \$1,226 (11%) are on capital expenditure, which is spending to support infrastructures such as new buildings, playgrounds, school buses, swimming pools, and major renovations.

## 4 Population Aging and Bond Voting Outcomes

### 4.1 Graphical Evidence

I begin my analysis by presenting graphical evidence that the share of the older population in a school district is negatively correlated with bond proposal passage rates. I use 55 years old as the age cutoff at which the preference towards education spending changes, because birth rates decline sharply after the age of 39 (Morse, 2022). The results are similar using a different age cutoff, such as 65 years old, presented in Appendix Figures A1 and A2.

Figure 1 Panel A shows the binscatter plot of bond passage against the share of population above 55 in a district. The overall relationship is negative. In Panel B, I plot the relationship after conditioning on state-by-year fixed effects and a set of control variables, which include population, income, education (measured as the share of the population with a bachelor’s degree and higher), and the share of electoral votes that are for Republican candidates. The negative relationship remains.

This negative relationship does not hold for non-school district bond proposals, suggesting that the previous pattern is not driven by a generally different sentiment towards debt financing among the older population. In Figure 2, I use bond referenda that are *not* initiated by school districts to conduct a placebo test. These referenda are often initiated by cities, counties, or local special districts on non-education-related matters. I map these proposals to counties and use county-level measures of population aging on the x-axis. While I observe a negative relationship in the raw data (Panel A), this relationship vanishes after controlling for variables such as income, education, and fixed effects (Panel B). This suggests that other regional characteristics that correlate with an aging population, such as income and education, rather than the aging population itself, drive the observed negative correlation in Figure 2 Panel A.

Histograms and kernel density plots of the share of votes for and against a proposal show evidence

consistent with Figure 1. In Figure 3 Panel A, I plot a histogram of the distribution of the share of votes supporting a bond referendum. I divide the sample into quartiles based on the percentage of the population above 55. Compared with districts in the top quartile, districts in the bottom quartile have a higher density of bond referenda with above 50% share of “yes” votes for bond issuance, which is a common threshold for bond approval (but not always). In Panel B, I overlay the kernel density functions for the two distributions. The density function for vote shares in the bottom quartile districts is shifted to the right compared with that in the top quartile districts, suggesting that a higher proportion of the population approves a school bond in districts with a younger population.

## 4.2 OLS Results

Next, I use regression analysis to quantify the patterns observed in graphs. I estimate equations of the following forms:

$$I(\text{Pass})_{ijt} = \alpha + \beta \text{Share of Population Above } 55_{it} + \gamma \mathbf{X}_{it} + \eta_s + \lambda_t + \epsilon_{ijt}, \quad (1)$$

and

$$I(\text{Pass})_{ijt} = \alpha + \beta \text{Share of Population Above } 55_{it} + \gamma \mathbf{X}_{it} + \eta_{st} + \epsilon_{ijt}. \quad (2)$$

I use  $i$  to denote school districts,  $j$  to denote bond proposals,  $t$  to denote years, and  $s$  to denote states. Standard errors are clustered by school districts to account for residual correlations within a district across years. The outcome variable is an indicator of whether the bond proposal is approved in a given election. The regression controls for school district characteristics such as the natural logarithm of the size of the population base, the natural logarithm of the average family income, the share of the population with a bachelor’s degree and higher, and Republican vote share. I include state and year fixed effects in Equation 1 to account for state-invariant fiscal and institutional features and macroeconomic trends, and state-by-year fixed effects in Equation 2 to absorb changing state fiscal conditions and/or institutional features such as debt limits, spending limits, and balance budget restrictions.<sup>6</sup>

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<sup>6</sup>While it would be ideal to control for district fixed effects to absorb time-invariant district characteristics, about 60% of the school districts in my sample only have one or two bond proposals during the sample period. In later analyses where I use annual data on district house price and capital expenditures, district fixed effects are included.

Table 2 shows that a ten percentage point increase in the share of the population above 55 is associated with a 5-5.3 percentage point decrease in the probability of bond approval. This effect is economically meaningful and represents a 7-8% effect compared with the 70% unconditional probability of bond approval. Figure 4 shows how the estimates change when control variables and fixed effects are added successively, and the coefficients are negative, statistically significant, and stable across specifications. The results are quantitatively similar when I control for the share or the log number of school-age children in a district, shown in Appendix Table A1, and when I use weighted regressions to correct for the potential sampling bias resulting from the differential frequency of bond proposals across districts, where the weights are the inverse of the number of bond proposals in a district-year (Solon, Haider, and Wooldridge, 2015). These results are reported in Appendix Table A2.

The evidence so far suggests that voters are less supportive of education funding in areas with an older population. Could this effect be driven by an overall change in the older population's aversion toward debt financing? To this end, I conduct a similar analysis using bond proposals that are not initiated by school districts in Table 3. These bonds are proposed for purposes such as improving public transit, improving sewage, buying police cars, building parking lots, etc. The coefficient estimates suggest no statistically significant relationship between the fraction of the elderly and bond proposal passage rates for bonds not related to schools. This test rules out the alternative explanation that older adults are generally more risk-averse and prefer lower levels of debt financing.

### **4.3 Isolate the Effect of Aging-in-Place from Endogenous Sorting**

The negative association estimated using OLS regressions represents the combined effects of population aging in place and that of endogenous migration and mortality trends. This is because three major factors influence the size of the school district populations and their age distributions at any given point in time: historical trends in birth rates, mortality rates, and migration. School spending itself can potentially shape the population age structure by affecting contemporaneous patterns of migration and mortality. Separating the effects of the aging-in-place from that of sorting can have important policy implications for schools with an aging population that seeks to attract younger demographics.

To isolate the effects of the aging of the existing population, I use variations stemming from historical birth rates in a 2SLS framework. This variable is calculated as the average historical birth rates net of infant

mortality rates in the decade prior to t-55 in a given state. The idea is that birth rates from more than 55 years ago should be relevant for the share of the population turning 55 today. Indeed, Table 4 Column (1) shows that this variable is strongly related to the current fraction of the population above 55. The second stage estimates presented in Column (2), again, suggest a statistically significant negative relationship between the share of the older population and school bond approval rates.

The magnitudes of the 2SLS estimates are much larger than the OLS estimates, suggesting that the aging of the existing population in place, absent of endogenous sorting and mortality patterns, is much larger. It is worth noting that the 2SLS and OLS coefficients should be interpreted differently. The 2SLS estimate isolates one and only one economic channel (the aging of the existing population) through which the population age structure affects education support. By contrast, the OLS approach identifies equilibrium effects that include other offsetting mechanisms, such as contemporaneous trends in migration and mortality. The discrepancy in the economic magnitudes between the OLS and IV estimates suggests that endogenous migration and sorting can significantly dampen the negative effects of aging on support for education financing.

## **5 The Value of Education Investments By District Demographics**

It is not immediately clear whether the reduced education support resulting from population aging would lead to less efficient education provisions. If schools in areas with an older population had sufficient investments in the past to the point where a marginal dollar spending on education no longer generates positive local economic returns, then the reduced voter support may curb overspending in education and facilitate the efficient allocation of government resources.

The conceptual framework through which I investigate the efficiency of new education spending has a long history in the economics literature, dating back to classic works of [Tiebout \(1956\)](#) and [Oates \(1969\)](#). The thought experiment is the following: In an open economy where capital and labor are mobile (i.e. households can “vote with their feet”) but real estate is not, house prices should fully reflect the value of locally-financed infrastructure investment. This is because if a marginal resident values a local project more than the taxes they will pay to finance it, new investment will make the area more attractive, raising house prices. Thus, if public goods are efficiently provided, then a marginal increase in locally financed public goods should have zero effect on house prices. If, instead, a marginal increase in locally financed public good

provision increased (decreased) house prices, this would imply that the level of investment was inefficiently low (high) to begin with. [Cellini, Ferreira, and Rothstein \(2010\)](#) formalizes this idea in the setting of public school spending.

Building on prior research, I quantify the value of education investments in regions with different age profiles by examining housing market dynamics. While it may be tempting to assess outcomes such as student test scores, the benefits of education investments extend beyond academic achievement. These investments can also contribute to improvements in student safety, arts and athletic programs, and various other non-academic aspects. By contrast, any shift in the desirability of a district—along either academic or nonacademic dimensions—should be reflected in equilibrium housing prices. Ideally, housing prices should immediately adjust to account for the present value of all future cash flows once the election outcome is known. Nevertheless, in reality, housing prices tend to be sticky, and it may take several years for them to fully reflect the effects of bond issuance. Thus, I am interested in measuring the full sequence of dynamic treatment effects several years following the bond election.

## 5.1 Graphical Evidence

Figure 5 presents graphical analyses of the average district house price by the margin of victory or defeat, in the year before the election (dotted line) and the second year after it (solid line). I split the sample based on population age, and plot average outcomes (controlling for calendar year fixed effects) in two-percentage-point bins defined by the vote share relative to the threshold, which is indicated by the vertical line. For example, the data points immediately left of the vertical line represent elections that failed by between one and three percentage points, and the points left of that represent elections that failed by between three and five percentage points, and so on. Panel A shows the results for districts with a below-median proportion of the population aged 55 years old and above, whereas Panel B shows the results for districts with an above-median proportion of the population aged 55 years old and above. In districts where bond measures were approved and the district is relatively young (Panel A), housing prices appear to shift upward two years after the bond proposal. There is no discernible shift in districts where the bonds were approved and the district is relatively old (Panel B). Note that the estimates fluctuate more when we move further away from the threshold because these elections are rare, and there are fewer data points to estimate the averages.

This difference is not driven by diverging district spending patterns in older and younger regions after

bond elections. Appendix Figure A3 provides a similar graphical analysis where the outcome variable is capital expenditure per pupil. As expected, there is no sign of a discontinuity in capital spending around the threshold in the year before the election. In the second year after the election, districts where the bond proposal passed spent significantly more. Unlike the house price graphs, this pattern holds in both Panel A and Panel B. Taken together, the graphical analyses show different house price reactions following bond approvals in districts with older and younger populations, despite similar spending patterns. These graphs provide suggestive evidence that education investments add less economic value in districts with an older population.

## 5.2 Dynamic Difference-in-Differences Estimation Using Close Elections

Next, I estimate the dynamic effects of bond passage on capital expenditure and local house prices in districts with older and younger populations. While housing markets can be used to overcome the challenge of measuring the value of public investments, this strategy does not avoid the challenge of obtaining causal effects. My empirical approach relies on dynamic difference-in-differences regressions using the sample of bonds passed and failed by narrow margins. Although school districts that issue bonds are likely to differ in both observable and unobservable ways from those that do not, these differences could be minimized by focusing on close elections. As such, a district where a proposed bond fails by a small percentage could serve as a good counterfactual for districts where a proposed bond passed by a small percentage, in the absence of the “treatment” (bond issuance).

To this end, I estimate regressions of the following form, while restricting the sample to bond elections passed and failed within a 10% margin:

$$\begin{aligned}
 \text{Log House Price}_{ijt} = & \alpha + \sum_{h=-5}^5 \beta_h \text{Treat} \times \mathbb{1}(t - \text{Election Year}_j = h) \\
 & + \sum_{h=-5}^5 \gamma_h \mathbb{1}(t - \text{Election Year}_j = h) \\
 & + \eta_j + \lambda_t + \epsilon_{ijt},
 \end{aligned} \tag{3}$$

where I use  $i$  to denote school districts,  $j$  to denote bond proposals,  $t$  to denote calendar years, and  $h$  to denote event years (year relative to the election year). The specification includes district, calendar year, and



event year fixed effects. Standard errors are clustered by school districts. The outcome variable is the natural logarithm of house prices, and in some specifications, the natural logarithm of school capital expenditures per pupil. *Treat* takes a value of one for bonds that are narrowly approved, and zero for bonds that are narrowly defeated.  $\{\mathbb{1}(t - \text{Election Year}_j = h)\}$  represents a set of indicator variables for each event year, ranging from five years before the event to five years after. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The coefficients on the lower-order interaction terms such as indicators for event years are estimated and suppressed in tables for brevity. The coefficient on *Treat* cannot be separately estimated because it is absorbed by election fixed effects.

I report both pooled estimates and estimates separately for younger and older districts. The set of coefficient estimates  $\{\beta_h\}$  for the pooled sample are reported in Table 5, and plotted in Figure 6. The effects on capital expenditures take about three years to complete, with the largest effects occurring in the first and second years following a bond election. Appendix Figure A4 shows that this pattern is similar across districts with a high and low share of the senior population. The effect on house prices appears in year two and persists at least five years after the election.

In Table 6 Panel A, I separately estimate the effects on house prices for younger and older population districts. These coefficients are plotted in Figure 7. House prices increase by about 4% locally in districts with younger populations, but this price appreciation is not present in districts with an older population. In those regions, local house prices remain flat for at least five years after a bond issuance. In Table 6 Panel B, I further estimate dynamic triple-difference specifications where I interact  $Treat \times \mathbb{1}(t - \text{Election Year}_j = h)$  with an indicator for whether the district has an above median share of population 55+ (Column (1)) and the continuous variable measuring the share of population 55+ (Column (2)). These specifications test whether the differences in coefficient estimates observed between Panel A Columns (1) and (2) are statistically significant. Indeed, the coefficient estimates on the triple interaction terms confirm that the house price appreciation effect is significantly weaker in districts with an older population.

A important concern with the dynamic estimation approach is that a school district may hold more than one bond election during my sample period. A district that narrowly rejects an initial bond proposal may pass a new proposal within five years thereafter. If that's true, then the current dynamic estimates would be biased downward as the control group may become treated in the post-treatment period. To address this challenge, in Table 7 I re-estimate Equation 3 by restricting the sample to school districts that only held one

bond election during the sample period. The estimates are graphed in Figure 8. This estimation yields even larger house price appreciation effects in younger school districts, but once again, no effect in older districts. Table 7 Panel B uses the dynamic triple-differences specification to show that the estimated differences across regions are statistically significant.

### 5.3 Discussion on Mechanisms and Alternative Explanations

Why do house prices fail to increase in response to education investments in areas with an older population? One plausible explanation is that these regions had made substantial investments in the past compared to what is needed today. For instance, if these districts acquired sufficient land and constructed spacious classrooms a decade ago, they would require fewer lump-sum capital improvements funded by municipal bonds today. Consequently, a marginal increase in bond-financed education investments may not yield as much additional benefit.

Two pieces of evidence are consistent with this mechanism. First, past capital expenditures are higher in school districts with a larger share of population above 55. In Table 8, the outcome variables are the natural logarithm of school capital expenditures in 1980, 1990, and 2000, measured using decennial census data, divided by the number of school-age children (age 5-20) today. These measures reflect the extent of past investments *relative* to the current student base. Across all columns, the share of population 55+ is positively associated with past capital expenditures. Second, current school ratings tend to be higher in districts with an older population, as shown in Figure 9 using a cross-sectional measure of school rating produced in recent years.

Other tests suggest that alternative mechanisms, such as different use-of-proceeds or cost of financing, are not driving the diverging effects on house prices. If districts with an older population are more likely to issue refinancing bonds or bonds used for liquidity needs that generate lower economic benefits, this difference in bond types could explain the lack of house price appreciation in older districts.<sup>7</sup> To investigate this hypothesis, I examine the descriptions of the bond's purpose to determine whether it is issued for school improvement projects or purely for refinancing and liquidity needs. A school improvement bond is defined as a bond proposed to finance the construction of new buildings, the operations and maintenance of existing

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<sup>7</sup>Ang, Green, Longstaff, and Xing (2017) find that refinancing bonds typically occur at a net present value loss for local governments.

buildings, technology upgrades, the purchase of new textbooks, initiations of new instruction programs and projects, and so on, whereas a pure financing bond is defined as a bond proposal used to raise working cash, refinance an existing bond, or raise money to cover post-employment benefit payments.<sup>8</sup> The results are presented in Appendix Table A3. Contrary to the hypothesis, I find that districts with an older population are marginally more likely to propose a school improvement bond and less likely to propose a refinancing bond. Additionally, I did not find a statistically significant difference in bond yields between younger and older school districts, as shown in Appendix Table A4.<sup>9</sup>

## 6 Conclusion

The population age structure of the United States underwent a significant change in the past decade and is projected to continue shifting at a similar pace over the next thirty years. This shift can lead to intergenerational conflicts over the provision of public services, given that younger and older populations often have differing demands for publicly provided goods, with education being a prominent example.

In this paper, I study whether population aging affects voter support for education funding, and consequently, the efficient provision of public education in the US. I find that districts with an older population are less likely to approve bond proposals to finance school infrastructure, such as buildings and renovations. However, house prices react positively to new investments only in districts with younger populations, suggesting that investments do not yield positive local economic returns in districts with older populations. These findings are more consistent with cross-generational preferences leading to an efficient provision of public goods.

The approach of using housing markets to evaluate returns to education spending has limitations because the notion of efficiency in this context is localized. To consider broader notions of social efficiency and national

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<sup>8</sup>Specifically, I used the following list of keywords to identify pure financing bonds: "refinance," "debt service," "funding bond," "refund," "post-employment," and "retirement system." I used the following list of keywords and phrases to identify school improvement bonds: "build," "construct," "remodel," "furnish," "erect," "install," "acquire," "improve," "renovate," "build," "program," "repair," "replace," "capital," "maintenance," "purchase," "bldg," "space," "land," "technology," "upgrade." Bond proposals in CA are excluded from this test because the descriptions of bond purposes provided were not as detailed.

<sup>9</sup>This result differs from the findings in [Butler and Yi \(2022\)](#). At least two factors could drive this discrepancy. School districts mainly rely on property tax revenues rather than income tax revenues, and homeownership rates increase with population age, implying that school district wealth should *not* decline with aging. Moreover, the aging measure in this paper is 55 years old rather than 65, rendering the retiree cost mechanism less significant.

welfare, one would need to account for the positive externalities that better-funded schools provide indirectly to other areas. This avenue may be a fruitful direction to explore for future work.

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**Table 1: Summary Statistics**

The sample includes school bond referendum data from 2010 through 2019 for school districts in CA, IL, MI, OH, TX, and WI. *Share of Population 55+* measures the share of the district population with age above 55 years old. *Pass* is an indicator variable for whether a bond referendum passes. *Share of Yes Votes* is the number of “yes” votes in a bond referendum divided by total votes. *Amount (M)* is the amount proposed for the bond issuance. *Share Electoral Votes Republican* measures the share of the county population who voted for a Republican candidate in the most recent gubernatorial election. *Population* measures total number of people living in a school district. *Family Income* measures the average family income in a school district. *Share Bachelor’s Degree* measures the share of the population in a district with a bachelor’s degree and above. *Share of School Age Children* is the share of the district aged between 5 and 20. *House Price Index* is FHFA house price index, obtained at the census tract level and aggregated at the school district level. *Total Expenditure Per Pupil* is the dollar amount of total spending in a school district divided by the number of students enrolled. *Capital Expenditure Per Pupil* is the dollar amount of capital expenditure in a school district divided by the number of students enrolled.

	Mean	SD	P25	Median	P75	N
Share of Population 55+	0.3	0.1	0.2	0.3	0.3	3,244.0
Pass	0.7	0.5	0.0	1.0	1.0	3,244.0
Share of Yes Votes	0.6	0.2	0.5	0.6	0.7	3,049.0
Amount (M)	55.6	100.9	6.3	18.5	55.0	3,049.0
Share Electoral Votes Republican	0.6	0.2	0.5	0.6	0.7	3,244.0
Population	37,678.9	84,403.9	5,054.5	11,928.0	31,094.5	3,244.0
Family Income	85,805.9	33,109.9	66,970.0	78,478.0	95,468.0	3,244.0
Share Bachelor’s Degree	0.2	0.1	0.1	0.2	0.3	3,244.0
Share School Age Population	0.2	0.0	0.2	0.2	0.2	3,244.0
House Price Index	237.4	130.6	162.8	201.3	255.7	13,913.0
Total Expenditure Per Pupil	11,888.3	3,412.6	9,731.1	11,143.6	12,858.9	11,981.0
Capital Expenditure Per Pupil	1,225.5	1,904.5	210.8	467.2	1,283.9	11,981.0

**Table 2: Demographic Shift and School Bond Voting Outcomes**

This table estimates regression models of Equation 1 and Equation 2. The sample period is 2010 through 2019. *I (Pass)* is an indicator variable for whether a bond referendum is approved. *Share of Population 55+* measures the share of the district population with age above 55 years old. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	I (Pass)	
	(1)	(2)
Share of Population 55+	-0.528*** (0.135)	-0.498*** (0.136)
Log Family Income	-0.043 (0.059)	-0.051 (0.058)
Share Bachelor's Degree	0.312** (0.126)	0.304** (0.125)
Log Population	-0.001 (0.008)	-0.001 (0.008)
Share Electoral Votes Republican	-0.123* (0.075)	-0.169** (0.077)
State FE	Yes	No
Year FE	Yes	No
State × Year FE	No	Yes
Number of Obs.	3,244	3,244
R <sup>2</sup>	0.08	0.10



**Table 3: What about non-school bond proposals?**

This table estimates two-stage-least-square estimates of the effect of aging on school bond voting outcomes. The sample period is 2010 through 2019. The instrumental variable, *Historical Birth Rates*, is the average historical birth rates net of infant mortality rates in the ten-year period prior to t-55 in a given state. Column (1) presents first stage estimates, and Column (2) presents second stage estimates. *I (Pass)* is an indicator variable for whether a bond referendum is approved. *Share of Population 55+* measures the share of the district population with age above 55 years old. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	I (Pass)	
	(1)	(2)
Share of Population 55+	-0.192 (0.252)	-0.070 (0.262)
Log Per Capita Income	-0.024 (0.060)	-0.073 (0.068)
Share Bachelor's Degree	0.001 (0.002)	0.003 (0.002)
Log Population	0.025*** (0.009)	0.030*** (0.010)
Share Electoral Votes Republican	-0.098 (0.075)	-0.067 (0.085)
State FE	Yes	No
Year FE	Yes	No
State $\times$ Year FE	No	Yes
Number of Obs.	3,429	3,375
R <sup>2</sup>	0.16	0.26

**Table 4: Isolating the Effect of Population Aging In Place: 2SLS Estimates**

This table estimates regression models of Equation 1 and Equation 2. The sample period is 2010 through 2019. *I (Pass)* is an indicator variable for whether a bond referendum passes. *Share of Yes Votes* is the number of “yes” votes in a bond referendum divided by total votes (this variable is available for a subsample of five states). *Share of Population 55+* measures the share of the district population with age above 55 years old. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	First Stage	Second Stage
	Share Population 55+	I (Pass)
	(1)	(2)
Historical Birth Rates	0.236*** (0.049)	
Share of Population 55+		-4.362** (1.994)
Log Family Income	0.013 (0.014)	0.005 (0.084)
Share Bachelor’s Degree	0.077*** (0.030)	0.608** (0.242)
Log Population	-0.024*** (0.001)	-0.093* (0.049)
Share Electoral Votes Republican	0.049*** (0.014)	0.031 (0.124)
State FE	Yes	Yes
Year FE	Yes	Yes
Number of Obs.	3,247	3,244
R <sup>2</sup>	0.28	
F-statistic	22.47	

**Table 5: Dynamic Effects on Capital Expenditure and House Price**

This table estimates regression models of Equation 3. The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. The outcome variable in Column (1) is the natural logarithm of school capital expenditures per pupil, and in Column (2) is the natural logarithm of house prices. *Treat* takes a value of one for bonds that are narrowly approved, and zero for bonds that are narrowly defeated. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The coefficients on the lower-order interaction terms such as indicators for event years are estimated and suppressed in tables for brevity. The coefficient on *Treat* cannot be separately estimated because it is absorbed by election fixed effects. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	(1)	(2)
	Log Capital Expenditure Per Pupil	Log House Price
Treat × Event Year -5	-0.106 (0.090)	-0.001 (0.008)
Treat × Event Year -4	-0.206** (0.091)	-0.001 (0.006)
Treat × Event Year -3	-0.214*** (0.081)	-0.001 (0.005)
Treat × Event Year -2	-0.081 (0.066)	-0.005 (0.003)
Treat × Event Year -1	Base	Base
Treat × Event Year 0	-0.025 (0.066)	0.003 (0.003)
Treat × Event Year 1	0.893*** (0.103)	0.004 (0.004)
Treat × Event Year 2	0.968*** (0.132)	0.015*** (0.005)
Treat × Event Year 3	0.327** (0.141)	0.021*** (0.006)
Treat × Event Year 4	-0.158 (0.131)	0.027*** (0.007)
Treat × Event Year 5	-0.182 (0.151)	0.024** (0.010)
Election FE	Yes	Yes
Year FE	Yes	Yes
Event Year FE	Yes	Yes
Number of Obs.	11,921	13,907
R <sup>2</sup>	0.45	0.97

**Table 6: Dynamic Effects on House Price By District Demographics**

Panel A estimates regression models of Equation 3, while splitting the sample into districts with a below (Panel A Column (1)) and above (Panel A Column (2)) median share of the population above 55+. Panel B estimates dynamic triple-difference regressions, where  $Treat \times Event\ Year$  is interacted with an indicator for whether the district has an above median share of population 55+ (Panel B Column (1)) and the continuous variable measuring the share of population 55+, standardized to have a mean of 0 and standard deviation of 1 (Panel B Column (2)). The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. The outcome variable in Column (1) is the natural logarithm of school capital expenditures per pupil, and in Column (2) is the natural logarithm of house prices.  $Treat$  takes a value of one for bonds that are narrowly approved, and zero for bonds that are narrowly defeated. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The coefficients on the lower-order interaction terms are estimated and suppressed in tables for brevity. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

<b>Panel A: Sample Split</b>		
	Y: Log House Price	
	<i>Low Senior Share</i>	<i>High Senior Share</i>
	(1)	(2)
Treat $\times$ Event Year -5	0.012 (0.015)	-0.005 (0.009)
Treat $\times$ Event Year -4	0.010 (0.012)	-0.003 (0.007)
Treat $\times$ Event Year -3	0.005 (0.009)	-0.001 (0.006)
Treat $\times$ Event Year -2	-0.006 (0.006)	-0.001 (0.004)
Treat $\times$ Event Year -1	Base	Base
Treat $\times$ Event Year 0	0.004 (0.005)	0.000 (0.003)
Treat $\times$ Event Year 1	0.004 (0.006)	-0.002 (0.005)
Treat $\times$ Event Year 2	0.024*** (0.009)	0.001 (0.006)
Treat $\times$ Event Year 3	0.032*** (0.010)	0.003 (0.007)
Treat $\times$ Event Year 4	0.044*** (0.012)	0.003 (0.009)
Treat $\times$ Event Year 5	0.042*** (0.015)	-0.004 (0.012)
Election FE	Yes	Yes
Year FE	Yes	Yes
Event Year FE	Yes	Yes
Number of Obs.	6,326	7,581
R <sup>2</sup>	0.96	0.98

**Panel B: Triple Interactions**

	Y: Log House Price	
	Interaction=Above Median	Interaction=% Population 55+ (std)
	(1)	(2)
Treat × Event Year -5	0.009 (0.015)	0.003 (0.009)
Treat × Event Year -4	0.006 (0.012)	0.001 (0.007)
Treat × Event Year -3	0.001 (0.009)	0.000 (0.006)
Treat × Event Year -2	-0.008 (0.006)	-0.005 (0.004)
Treat × Event Year -1	Base	Base
Treat × Event Year 0	0.005 (0.005)	0.003 (0.003)
Treat × Event Year 1	0.007 (0.006)	0.003 (0.004)
Treat × Event Year 2	0.026*** (0.009)	0.014*** (0.005)
Treat × Event Year 3	0.033*** (0.010)	0.018*** (0.006)
Treat × Event Year 4	0.042*** (0.012)	0.023*** (0.007)
Treat × Event Year 5	0.041*** (0.015)	0.017* (0.010)
Treat × Event Year -5 × Senior Share	-0.013 (0.018)	-0.009 (0.009)
Treat × Event Year -4 × Senior Share	-0.009 (0.014)	-0.000 (0.008)
Treat × Event Year -3 × Senior Share	-0.002 (0.011)	0.001 (0.007)
Treat × Event Year -2 × Senior Share	0.006 (0.007)	0.005 (0.005)
Treat × Event Year -1 × Senior Share	Base	Base
Treat × Event Year 0 × Senior Share	-0.005 (0.006)	-0.003 (0.003)
Treat × Event Year 1 × Senior Share	-0.008 (0.008)	-0.008* (0.004)
Treat × Event Year 2 × Senior Share	-0.024** (0.010)	-0.018*** (0.006)
Treat × Event Year 3 × Senior Share	-0.030** (0.013)	-0.024*** (0.008)
Treat × Event Year 4 × Senior Share	-0.038*** (0.015)	-0.026*** (0.008)
Treat × Event Year 5 × Senior Share	-0.045** (0.019)	-0.034*** (0.011)
Lower Order Interactions	Yes	Yes
Election FE	Yes	Yes
Year FE	Yes	Yes
Event Year FE	Yes	Yes
Number of Obs.	13,907	13,907
R <sup>2</sup>	0.97	0.97

**Table 7: Dynamic Effects on House Price By District Demographics in Single Election Districts**

This table repeats the analysis in Table 6, restricting the sample to school districts with a single bond election during the sample period. Panel A estimates regression models of Equation 3, while splitting the sample into districts with a below (Panel A Column (1)) and above (Panel A Column (2)) median share of the population above 55+. Panel B estimates dynamic triple-difference regressions, where  $Treat \times Event\ Year$  is interacted with an indicator for whether the district has an above median share of population 55+ (Panel B Column (1)) and the continuous variable measuring the share of population 55+, standardized to have a mean of 0 and standard deviation of 1 (Panel B Column (2)). The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. The outcome variable in Column (1) is the natural logarithm of school capital expenditures per pupil, and in Column (2) is the natural logarithm of house prices.  $Treat$  takes a value of one for bonds that are narrowly approved, and zero for bonds that are narrowly defeated. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The coefficients on the lower-order interaction terms are estimated and suppressed in tables for brevity. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

<b>Panel A: Sample Split</b>		
	Y: Log House Price	
	<i>Low Senior Share</i>	<i>High Senior Share</i>
	(1)	(2)
Treat $\times$ Event Year -5	-0.016 (0.032)	0.015 (0.021)
Treat $\times$ Event Year -4	0.002 (0.021)	0.012 (0.017)
Treat $\times$ Event Year -3	-0.020 (0.017)	0.004 (0.011)
Treat $\times$ Event Year -2	-0.024** (0.012)	0.012 (0.009)
Treat $\times$ Event Year -1	Base	Base
Treat $\times$ Event Year 0	0.006 (0.010)	0.003 (0.007)
Treat $\times$ Event Year 1	0.027 (0.022)	0.004 (0.011)
Treat $\times$ Event Year 2	0.073** (0.030)	-0.002 (0.015)
Treat $\times$ Event Year 3	0.089*** (0.032)	0.001 (0.025)
Treat $\times$ Event Year 4	0.093** (0.040)	0.002 (0.021)
Treat $\times$ Event Year 5	0.107** (0.050)	-0.018 (0.039)
Election FE	Yes	Yes
Year FE	Yes	Yes
Event Year FE	Yes	Yes
Number of Obs.	1,526	2,086
R <sup>2</sup>	0.97	0.98

**Panel B: Triple Interactions**

	Y: Log House Price	
	Interaction=Above Median	Interaction=% Population 55+ (std)
	(1)	(2)
Treat × Event Year -5	-0.002 (0.028)	0.012 (0.021)
Treat × Event Year -4	0.011 (0.020)	0.016 (0.016)
Treat × Event Year -3	-0.016 (0.016)	-0.007 (0.011)
Treat × Event Year -2	-0.025** (0.011)	-0.008 (0.008)
Treat × Event Year -1	Base	Base
Treat × Event Year 0	0.008 (0.010)	0.008 (0.006)
Treat × Event Year 1	0.025 (0.022)	0.020 (0.013)
Treat × Event Year 2	0.071** (0.029)	0.044** (0.018)
Treat × Event Year 3	0.090*** (0.032)	0.067*** (0.022)
Treat × Event Year 4	0.093** (0.039)	0.060** (0.026)
Treat × Event Year 5	0.106** (0.051)	0.070** (0.033)
Treat × Event Year -5 × Senior Share	0.017 (0.036)	0.000 (0.014)
Treat × Event Year -4 × Senior Share	0.002 (0.026)	0.000 (0.011)
Treat × Event Year -3 × Senior Share	0.022 (0.020)	0.016* (0.009)
Treat × Event Year -2 × Senior Share	0.039*** (0.014)	0.017*** (0.006)
Treat × Event Year -1 × Senior Share	Base	Base
Treat × Event Year 0 × Senior Share	-0.006 (0.012)	-0.007 (0.007)
Treat × Event Year 1 × Senior Share	-0.021 (0.024)	-0.019* (0.011)
Treat × Event Year 2 × Senior Share	-0.073** (0.033)	-0.042*** (0.015)
Treat × Event Year 3 × Senior Share	-0.090** (0.040)	-0.075*** (0.024)
Treat × Event Year 4 × Senior Share	-0.091** (0.045)	-0.063*** (0.021)
Treat × Event Year 5 × Senior Share	-0.123* (0.064)	-0.093*** (0.030)
Lower Order Interactions	Yes	Yes
Election FE	Yes	Yes
Year FE	Yes	Yes
Event Year FE	Yes	Yes
Number of Obs.	3,612	3,612
R <sup>2</sup>	0.97	0.97

**Table 8: Demographics and Past Capital Spending**

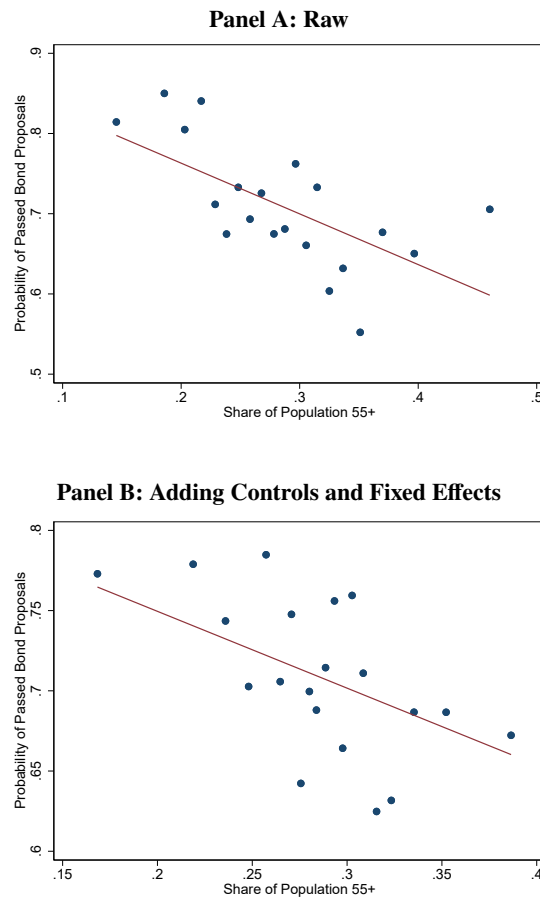
This table estimates regression models of Equation 1 and Equation 2, replacing the outcome variables with the natural logarithm of school capital expenditure in 1980 (Columns (1) and (2)), 1990 (Columns (3) and (4)), and 2000 (Columns (5) and (6)), divided by the number of school age population (aged 5-20) in a school district today. *Share of Population 55+* measures the share of the district population with age above 55 years old. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	Log Past Capital Expenditure Per Pupil					
	1980		1990		2000	
	(1)	(2)	(3)	(4)	(5)	(6)
Share of Population 55+	2.268*** (0.524)	2.252*** (0.528)	1.336*** (0.473)	1.414*** (0.476)	1.221*** (0.462)	1.149** (0.464)
Log Family Income	0.284 (0.233)	0.309 (0.233)	-0.093 (0.212)	-0.106 (0.213)	0.453** (0.199)	0.461** (0.198)
Share Bachelor's Degree	-1.156** (0.520)	-1.186** (0.519)	-0.424 (0.480)	-0.395 (0.480)	-0.208 (0.436)	-0.245 (0.434)
Log Population	-0.062* (0.033)	-0.061* (0.033)	-0.027 (0.028)	-0.026 (0.028)	-0.002 (0.024)	-0.001 (0.024)
Share Electoral Votes Republican	-0.185 (0.248)	-0.146 (0.266)	-0.417 (0.255)	-0.471* (0.272)	-0.663*** (0.235)	-0.624** (0.250)
State FE	Yes	No	Yes	No	Yes	No
Year FE	Yes	No	Yes	No	Yes	No
State × Year FE	No	Yes	No	Yes	No	Yes
Number of Obs.	3,097	3,097	3,176	3,176	3,209	3,209
R <sup>2</sup>	0.23	0.24	0.04	0.05	0.04	0.05



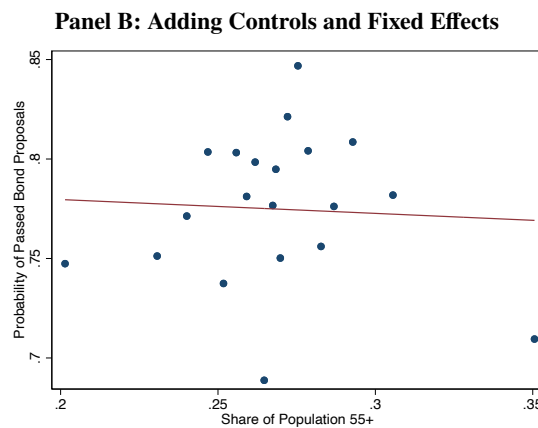
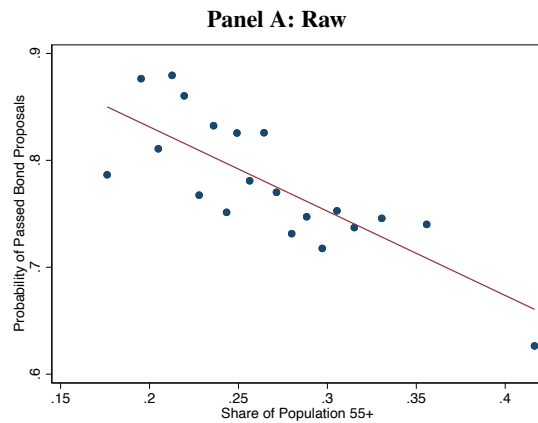
### Figure 1: Relationship Between Demographics and School Bond Voting Outcomes

This figure shows the binscatter plot of school bond referendum approval rates against the share of the school district population above 55. The sample period is 2010-2019. Panel A plots the raw data and Panel B plots the data after controlling for state-by-year fixed effects and control variables, which include: the natural logarithm of population, the natural logarithm of average family income, the share of population with a bachelor's degree and above, the share of school-age population, and the share of Republican votes in the most recent gubernatorial election.



## Figure 2: Relationship Between Demographics and Non-School Bond Voting Outcomes

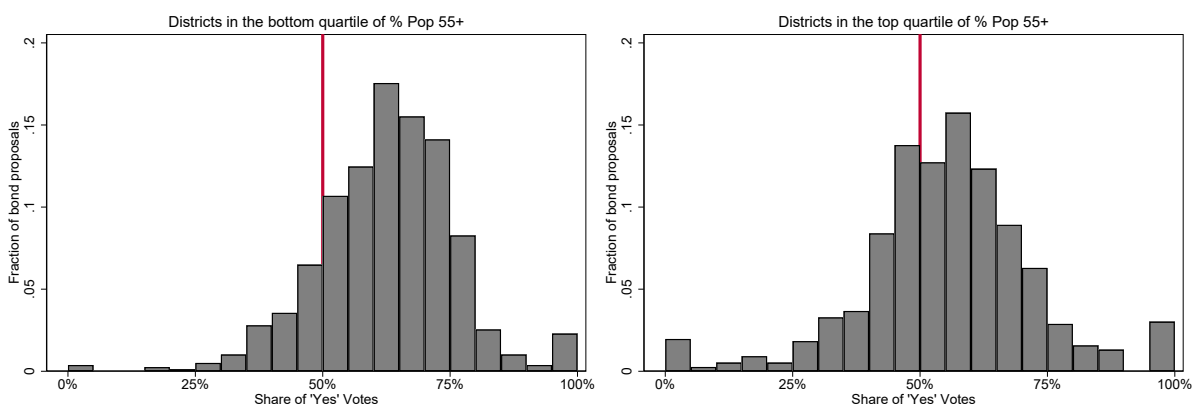
This figure shows the binscatter plot of non-school bond referendum approval rates against the share of the county population above 55. The sample period is 2010-2019. Panel A plots the raw data and Panel B plots the data after controlling for state-by-year fixed effects and control variables, which include: the natural logarithm of population, the natural logarithm of average family income, the share of population with a bachelor's degree and above, the share of school-age population, and the share of Republican votes in the most recent gubernatorial election.



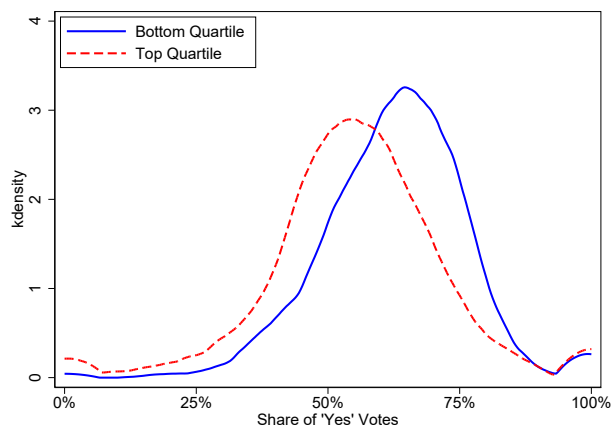
**Figure 3: Distribution of Voting Outcomes**

Panel A plots the distribution of the share of “yes” votes in bond elections. The left (right) graph shows the distribution for districts in the top (bottom) quartile of the share of the population above 55. Panel B plots the kernel densities of the share of “yes” votes for the two groups of districts. The sample period is 2010-2019.

**Panel A: Histograms of the Share of “Yes” Votes**

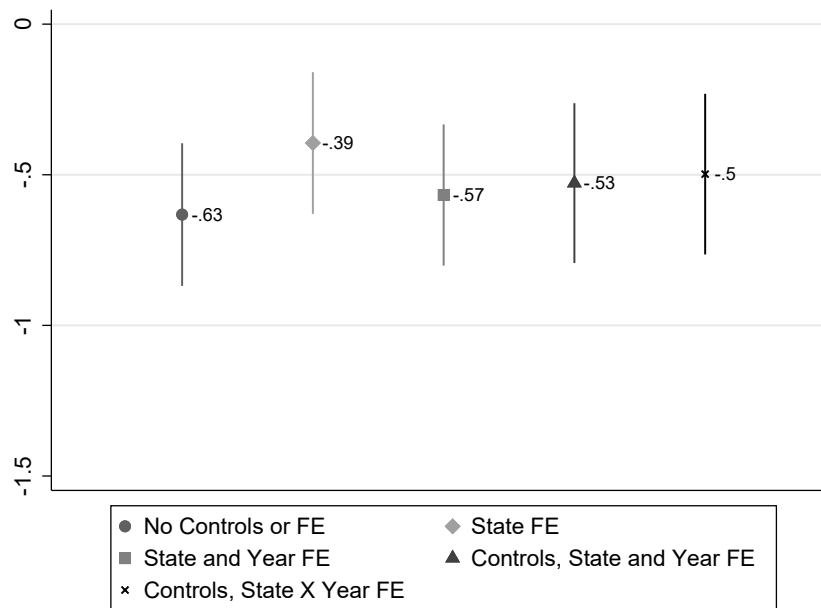


**Panel B: Kernel Density of the Share of “Yes” Votes**



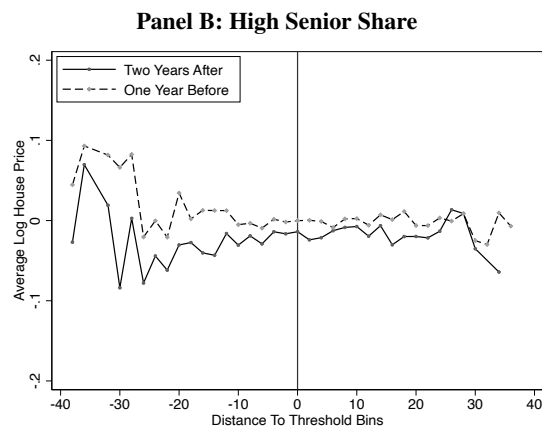
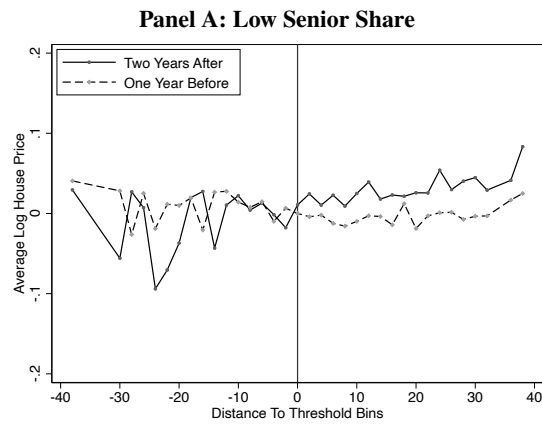
**Figure 4: Robustness of coefficient estimates across specifications**

This figure displays the coefficient estimates and their 95% confidence intervals from a set of regressions in which the outcome variable is an indicator for passing a school bond referendum, and the independent variable of interest is the share of the population 55+ in a school district. The regressions successively add different layers of fixed effects and control variables, described in the legend. The control variables include: the natural logarithm of population, the natural logarithm of average family income, the share of population with a bachelor's degree and above, and the share of Republican votes in the most recent gubernatorial election. Standard errors are clustered by school districts.



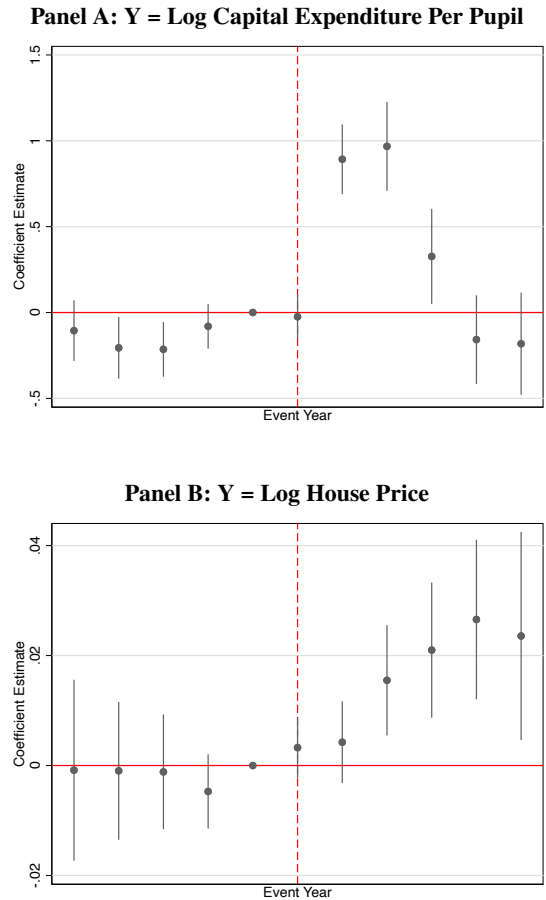
**Figure 5: House Price Before and After Bond Election, by Vote Share**

These figures plot the average log house price by the vote share in bond elections in districts with below (Panel A) and above (Panel B) median shares of the population 55+. Elections are grouped into bins two percentage points wide based on the vote share relative to the voting threshold, indicated by the vertical line. For example, the data points immediately left of the vertical line represent elections that failed by between one and three percentage points, and the points left of that represent elections that failed by between three and five percentage points, and so on. The dashed (solid) line measures outcomes in the year prior to (two years after) the bond election. The outcomes are residualized with respect to calendar year fixed effects.



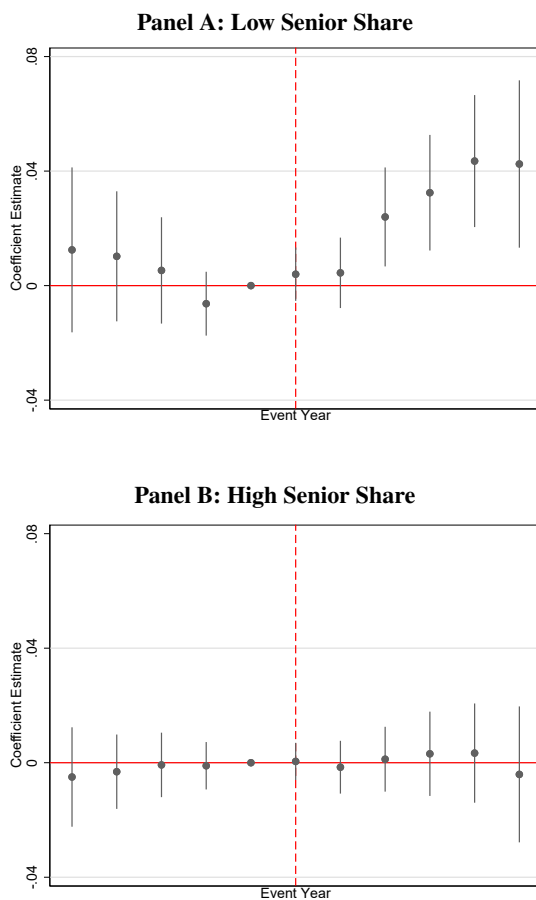
**Figure 6: Dynamic Effects on Capital Expenditure and House Price**

These figures plot coefficient estimates of Equation 3 and two-tailed 95% confidence intervals based on standard errors clustered at the district level. The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. The outcome variable in Panel A is the natural logarithm of school capital expenditures per pupil, and in Panel B is the natural logarithm of house prices. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.



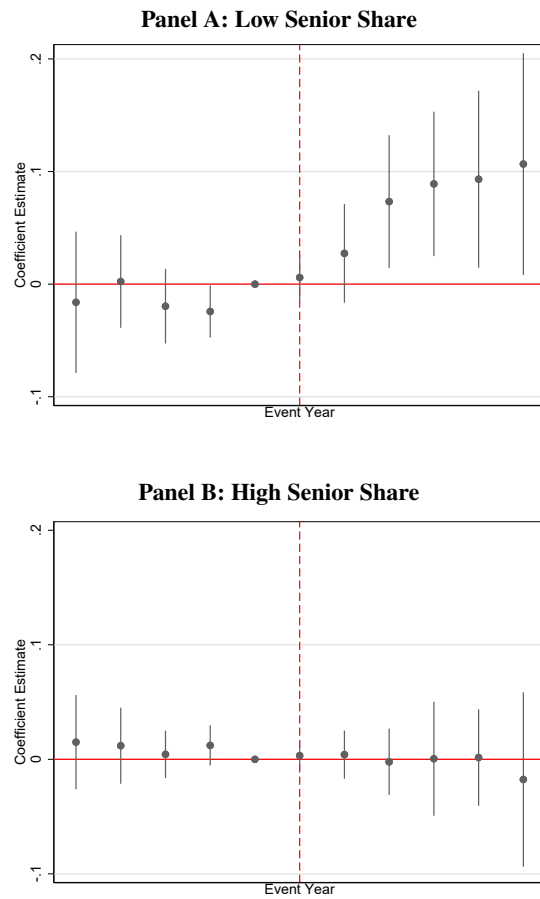
**Figure 7: Dynamic Effects on House Price By District Demographics**

These figures plot coefficient estimates of Equation 3 and two-tailed 95% confidence intervals based on standard errors clustered at the district level. The outcome variable is the natural logarithm of house prices. Panel A (B) uses the sample of districts with a below (above) median share of the population aged 55+. The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.



### Figure 8: Dynamic Effects on House Price By District Demographics in Single Election Districts

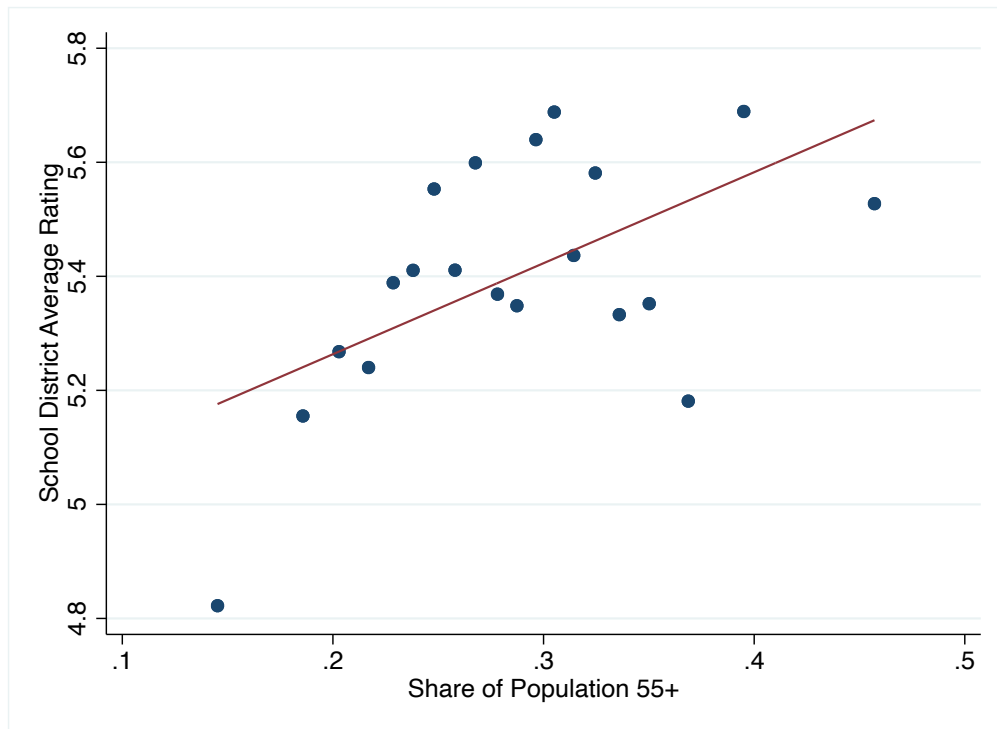
This table repeats the analysis in Figure 7, restricting the sample to school districts with a single bond election during the sample period. These figures plot coefficient estimates of Equation 3 and two-tailed 95% confidence intervals based on standard errors clustered at the district level. The outcome variable is the natural logarithm of house prices. Panel A (B) uses the sample of districts with a below (above) median share of the population aged 55+. The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.





**Figure 9: Average School District Rating by Senior Share**

This graph shows a binscatter plot of the school district's overall rating (plotted on the Y-axis) against the share of the population above 55. The school ratings data are produced by GreatSchools and obtained for the most recent updates as of 2022.



**Internet Appendix to Yi (2023)**  
"Intergenerational Conflict in Education Financing:  
Evidence from A Decade of Bond Elections "

**Table A1: Demographic Shift and School Bond Voting: Control for School-Age Population**

This table estimates regression models of Equation 1 and Equation 2. The sample period is 2010 through 2019. *I (Pass)* is an indicator variable for whether a bond referendum is approved. *Share of Population 55+* measures the share of the district population with age above 55 years old. In Columns (1) and (2), I include the share of school-age population (aged 5-20) as an additional control variable. In Columns (3) and (4), I include the natural logarithm of the number of school-age population (aged 5-20) as an additional control variable. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	I (Pass)			
	(1)	(2)	(3)	(4)
Share of Population 55+	-0.551*** (0.179)	-0.479*** (0.180)	-0.539*** (0.170)	-0.485*** (0.170)
Log Family Income	-0.044 (0.059)	-0.050 (0.058)	-0.043 (0.059)	-0.051 (0.058)
Share Bachelor's Degree	0.314** (0.127)	0.302** (0.126)	0.313** (0.126)	0.303** (0.125)
Log Population	-0.001 (0.008)	-0.001 (0.008)	0.006 (0.053)	-0.008 (0.053)
Share Electoral Votes Republican	-0.122 (0.075)	-0.170** (0.077)	-0.122 (0.075)	-0.170** (0.077)
Share of School Age Population	-0.061 (0.292)	0.050 (0.289)		
Log School Age Population			-0.006 (0.053)	0.007 (0.052)
State FE	Yes	No	Yes	No
Year FE	Yes	No	Yes	No
State × Year FE	No	Yes	No	Yes
Number of Obs.	3,244	3,244	3,244	3,244
R <sup>2</sup>	0.08	0.10	0.08	0.10

**Table A2: Demographic Shift and School Bond Voting: Weighted Least Squares**

This table estimates regression models of Equation 1 and Equation 2. The sample period is 2010 through 2019. *I (Pass)* is an indicator variable for whether a bond referendum is approved. *Share of Population 55+* measures the share of the district population with age above 55 years old. Each observation is weighted by the inverse of the number of school bond proposals in a district-year to adjust for potential sampling frequency differences. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	I (Pass)	
	(1)	(2)
Share of Population 55+	-0.467*** (0.130)	-0.437*** (0.130)
Log Family Income	-0.041 (0.055)	-0.048 (0.055)
Share Bachelor's Degree	0.261** (0.119)	0.258** (0.119)
Log Population	0.003 (0.007)	0.003 (0.007)
Share Electoral Votes Republican	-0.157** (0.070)	-0.180** (0.072)
State FE	Yes	No
Year FE	Yes	No
State × Year FE	No	Yes
Number of Obs.	3,244	3,244
R <sup>2</sup>	0.08	0.10

**Table A3: Demographic Shift and School Bond Type: Financing vs. Capital Improvement Bond**

This table estimates regression models of Equation 1 and Equation 2. The sample period is 2010 through 2019. *I* (*School Improvement Bond*) is an indicator variable for whether the proposed bond issuance is related to capital improvement. I used the following list of keywords and phrases to identify capital improvement bonds: "build," "construct," "remodel," "furnish," "erect," "install," "acquire," "improve," "renovate," "build," "program," "repair," "replace," "capital," "maintenance," "purchase," "bldg," "space," "land," "technology," "upgrade." *I* (*Financing Bond*) is an indicator variable for whether the proposed bond issuance is related to working cash or refinancing needs. Specifically, I used the following list of keywords to identify financing bonds: "refinance," "debt service," "funding bond," "refund," "post-employment," and "retirement system." Bond proposals in CA are excluded from this test because the descriptions of bond purposes provided were homogeneous. *Share of Population 55+* measures the share of the district population with age above 55 years old. Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	I (School Improvement Bond)		I (Financing Bond)	
	(1)	(2)	(3)	(4)
Share of Population 55+	0.162 (0.108)	0.197* (0.108)	-0.158*** (0.051)	-0.157*** (0.051)
Log Family Income	-0.007 (0.055)	0.001 (0.053)	-0.048** (0.021)	-0.039** (0.020)
Share Bachelor's Degree	-0.044 (0.109)	-0.069 (0.107)	0.070 (0.052)	0.057 (0.052)
Log Population	0.007 (0.007)	0.005 (0.006)	-0.011*** (0.003)	-0.012*** (0.003)
Share Electoral Votes Republican	0.094* (0.048)	0.025 (0.053)	-0.047 (0.030)	-0.055* (0.032)
State FE	Yes	No	Yes	No
Year FE	Yes	No	Yes	No
State × Year FE	No	Yes	No	Yes
Number of Obs.	2,603	2,603	2,603	2,603
R <sup>2</sup>	0.09	0.14	0.10	0.13

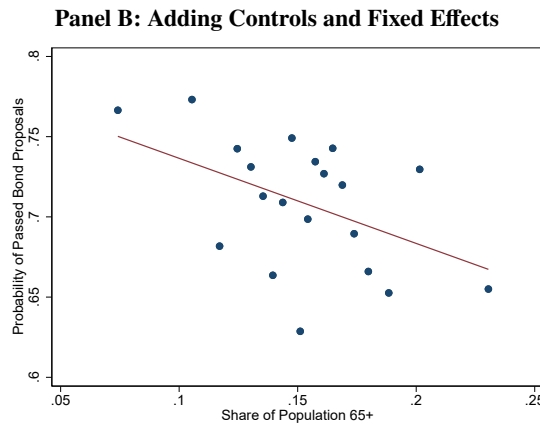
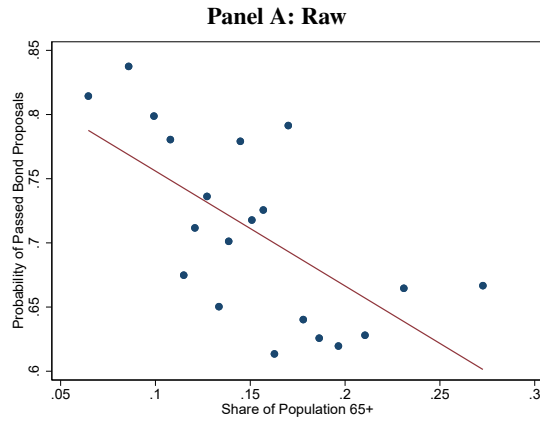
**Table A4: Demographic Shift and School Bond Yield**

This table estimates regression models of Equation 1 and Equation 2, while including other bond-level control variables and bond maturity fixed effects. The sample period is 2010 through 2019. The outcome variable, *Offer Yield*, measures the primary market bond yield of a bond issuance. *Share of Population 55+* measures the share of the district population with age above 55 years old. I include additional bond-level control variables such as whether the bond has a tax-exempt status (*Tax Exempt*), whether it is callable (*Callable*), whether it is sold through competitive bidding (*Competitive Bid*), and whether it is qualified to be held by banks while retaining interest deduction benefits for banks (*Bank Qualified*). Other variable definitions are described in the legend of Table 1. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively. Standard errors, adjusted for clustering at the school district level, are reported in parentheses.

	Offer Yield	
	(1)	(2)
Share of Population 55+	0.067 (0.194)	0.068 (0.188)
Log Family Income	-0.034 (0.101)	-0.040 (0.098)
Share Bachelor's Degree	0.056 (0.233)	0.025 (0.231)
Log Population	-0.093*** (0.019)	-0.093*** (0.018)
Share Electoral Votes Republican	0.205* (0.117)	0.165 (0.127)
State Tax Exempt	1.092*** (0.255)	1.056*** (0.219)
Federal Tax Exempt	-1.044*** (0.114)	-1.019*** (0.159)
Callable	-0.156*** (0.046)	-0.159*** (0.042)
Competitive Bid	0.007 (0.035)	0.006 (0.037)
Bank Qualified	-0.275*** (0.037)	-0.256*** (0.037)
Bond Maturity FE	Yes	Yes
State FE	Yes	No
Year FE	Yes	No
State × Year FE	No	Yes
Number of Obs.	11,569	11,569
R <sup>2</sup>	0.82	0.83

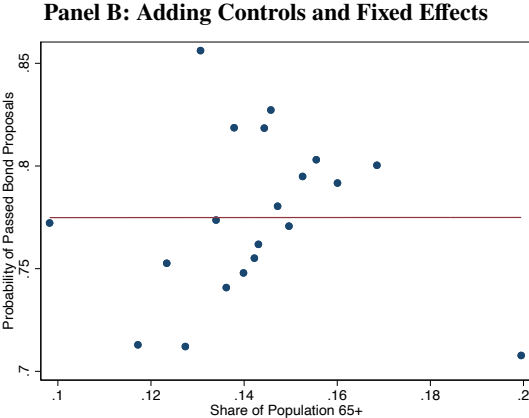
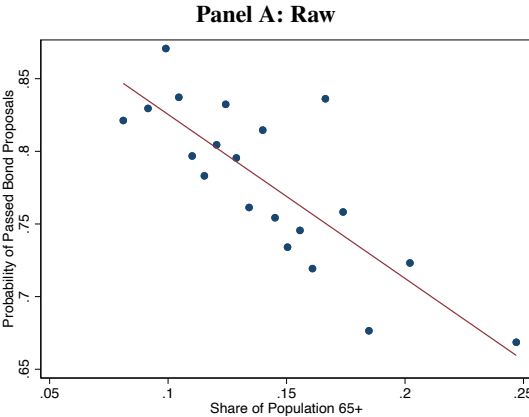
### Figure A1: Relationship Between Demographics and School Bond Voting Outcomes: Robustness Using 65+

This figure shows the binscatter plot of school bond referendum approval rates against the share of the school district population above 65. The sample period is 2010-2019. Panel A plots the raw data and Panel B plots the data after controlling for state-by-year fixed effects and control variables, which include: the natural logarithm of population, the natural logarithm of average family income, the share of population with a bachelor's degree and above, the share of school-age population, and the share of Republican votes in the most recent gubernatorial election.



**Figure A2: Relationship Between Demographics and Non-School Bond Voting Outcomes: Robustness Using 65+**

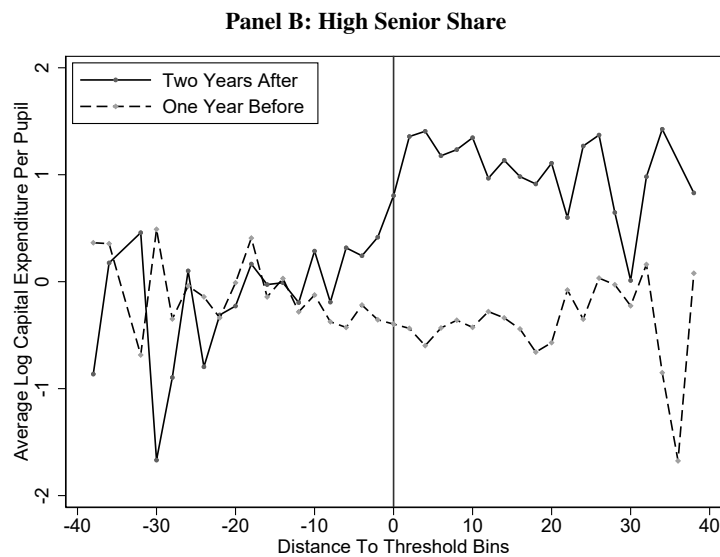
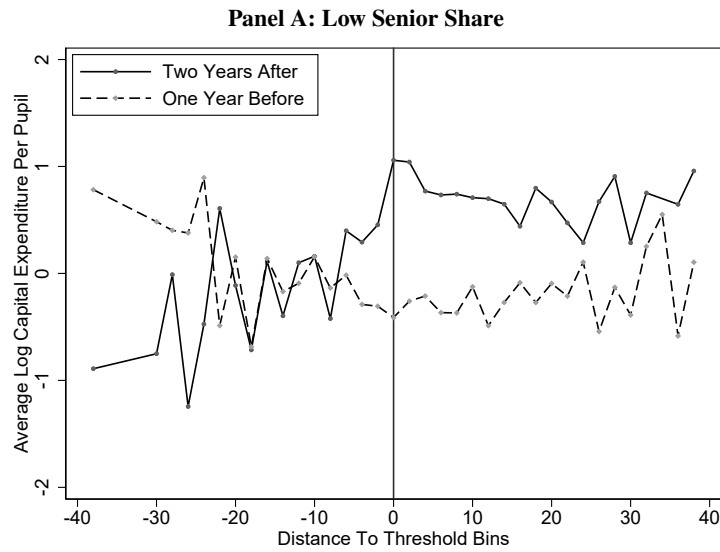
This figure shows the binscatter plot of non-school bond referendum approval rates against the share of the county population above 65. The sample period is 2010-2019. Panel A plots the raw data and Panel B plots the data after controlling for state-by-year fixed effects and control variables, which include: the natural logarithm of population, the natural logarithm of average family income, the share of population with a bachelor’s degree and above, the share of school-age population, and the share of Republican votes in the most recent gubernatorial election.





**Figure A3: Capital Expenditure Per Pupil Before and After Bond Election, by Vote Share**

These figures plot the average log capital expenditure per pupil by the vote share in bond elections in districts with below (Panel A) and above (Panel B) median shares of the population 55+. Elections are grouped into bins two percentage points wide based on the vote share relative to the voting threshold, indicated by the vertical line. For example, the data points immediately left of the vertical line represent elections that failed by between one and three percentage points, and the points left of that represent elections that failed by between three and five percentage points, and so on. The dashed (solid) line measures outcomes in the year prior to (two years after) the bond election. The outcomes are residualized with respect to calendar year fixed effects.



### Figure A4: Dynamic Effects on Capital Expenditures Per Pupil By District Demographics

These figures plot coefficient estimates of Equation 3 and two-tailed 95% confidence intervals based on standard errors clustered at the district level. The outcome variable is the natural logarithm of school capital expenditures per pupil. Panel A (B) uses the sample of districts with a below (above) median share of the population aged 55+. The sample includes five years before and after school bond elections passed and failed within 10% margins held from 2010 through 2019 in CA, OH, MI, TX, and WI. Event year is defined as the number of years relative to the election year. I use the year prior to the bond proposal as the baseline year in all dynamic estimations. The specification includes district, calendar year, and event year fixed effects. \*\*\*, \*\*, and \* represent statistical significance at the 1%, 5%, and 10% levels, respectively.

