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States and Metros Look to Ballot Measures to Grow Their Economies

Brookings Report Explores How Legislative Referendums and Citizen Initiatives Can Be Used to Advance Economic Growth

WASHINGTON, D.C. – As federal spending tightens and Congressional gridlock persists, ballot measures are a viable alternative for states and metro areas seeking financing for projects that strengthen their economies, finds a report released today by the Brookings Institution Metropolitan Policy Program.

"Using Ballot Measures to Drive Economic Investment in States and Metropolitan Areas" by Jessica A. Lee, Mark Muro and Bruce Katz examines legislative referendums and citizen-driven ballot initiatives as one possible tool that leaders can use to secure funds for efforts that support economic growth when further investment is needed and cannot be obtained through traditional channels.

"The federal government is no longer a reliable partner in helping states and metro areas address the myriad economic challenges they now face," said Jessica Lee, Brookings senior policy analyst and associate fellow, and co-author of the report. "As a result, state and local leaders are experimenting with alternative ballot-driven financing vehicles, including bond issues and sales tax increases, to make large-scale economic investments that benefit their communities."

According to the Brookings report, ballot-driven public investment in innovation, education and infrastructure have proven especially popular with voters at both the state and regional levels. From Ohio's 2005 and 2010 investments in its Third Frontier technology-based economic development initiative, to a $750 million bond issue for New Jersey's postsecondary institutions in 2012, to Los Angeles County's Measure R funding critical transit investments in 2004, ballot measures have been used successfully to fund and advance large-scale economy-shaping actions. Though limited in number, these past measures suggest how leaders might use initiatives and referendums to finance specific investments in area economies.

“More and more, state, regional and municipal leaders are taking the lead in orchestrating investments in their local economies, and ballot-driven finance is one tool they are using,” said Mark Muro, Brookings senior fellow, policy director, and co-author of the report. “In that sense, ballot measures are another useful mechanism for advancing ‘bottom-up’ economic development in a decentralized nation.”

The report provides examples of the various types of ballot measure options available at the state and local levels and describes the factors that should be considered before choosing to move forward with a ballot-driven effort.

The report also addresses concerns about ballot measure use, which some argue could open the way for special interests to persuade uninformed voters to support policies that are detrimental to their communities. However, the report notes, scholars have found little basis for such concern.

“All legislation—whether enacted by elected officials or through the ballot box—has the potential to produce negative outcomes. While some initiatives and referendums have had detrimental results, ballot measures still represent an important tool that states and metros can use to fund investments in economic growth,” said Lee. “Measures that provide funding for improving infrastructure, cultivating a skilled workforce and boosting innovation can help states and metros strengthen their economies for the decades ahead.”