

Dissecting the Relationship between Term Limits and Fiscal Policy

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Abstract

Recent studies have highlighted the relationship between legislative term limits and public policy outcomes, with a particular focus on fiscal policies. Scholars have provided a host of theoretical mechanisms by which term limits alter the composition of legislatures and behavior of legislators. These changes in the legislature subsequently lead to changes in public policy. Though the extant literature shows robust empirical evidence of the link between term limits and fiscal policy, little has been done to test and disentangle the many theorized causal mechanisms. This study seeks to test these causal mechanisms by directly measuring the compositional and behavioral changes wrought by term limits and linking them to fiscal policy outcomes. Results present a far more complex picture of the impact of term limits on public policy than has been previously presented in the literature.

Introduction

Recent studies have highlighted the relationship between legislative term limits and public policy outcomes, with a particular focus on fiscal policies (Lewis Forthcoming; Uppal 2010; Erler 2007; Herron and Shotts 2006; Kousser 2006). Term limits have been shown to be statistically significant predictors of higher general expenditures, lower revenue, decreased spending on infrastructure projects, and decreased bond ratings. While the literature tends to find a significant link between the presence of term limits (usually in the American States) and fiscal policy outcomes, the underlying mechanism that drives these relationships remain obscured. The extant literature does provide a host of theoretical arguments as to how term limits might affect the behavior of legislators and, subsequently, public policy, but there has been little empirical examination of these factors. Depending on the fiscal policy in question (expenditures, revenues, bond ratings, etc.), different mechanisms have been emphasized, such as decreased experience and knowledge, shorter time horizons, less effective leadership, increased partisanship and decreased civility.

This study seeks to disentangle the many potential mechanisms that may underlie the relationship between term limits and fiscal policy. Rather than measuring term limits with a dichotomous indicator or Sarbaugh-Thompson's (2010) Term-Limitedness variable, these analyses will directly assess the various direct impacts of term limits on legislators, including legislator experience, leader experience, lame-duck status and party polarization, to test whether they are significant factors shaping a variety of fiscal policy outcomes in the American states. In doing so, this analysis not only sheds light on how legislative term limits affect fiscal policy, but also how legislative institutions, more generally, may affect policy outcomes.

Term Limits and Public Policy

The connection between legislative term limits and public policy is certainly not a direct link, but rather a causal chain (Mooney 2009). Thus, it is not surprising that the literature on the policy effects of term limits often offers multiple possible mechanisms by which the ultimate policy effect is likely to be realized. For example, recent work on the effect of term limits on state bond ratings cites the relative inexperience (and knowledge) of legislators, the decrease in bipartisan relationships and collegiality, the shortened time horizons of legislators and the decrease in the power of chamber leaders all as mechanisms by which fiscal policy in term limited states might suffer (Lewis Forthcoming). In short, the more proximate effects of term limits on the traits of state legislatures and the behavior of legislators ultimately affects the policies created in these chambers.

Most directly, term limits function by forcing incumbent legislators from office and increasing turnover. Empirical studies have corroborated this impact on legislatures and also show that the increased turnover leads to less experienced legislatures (e.g., Moncrief et al. 2004; 2008; Carey et al. 2006). Furthermore, less experienced legislators tend to exhibit a decreased institutional knowledge (Kousser 2005, 2006; Berman 2007). This relative lack of experience and institutional knowledge is the more proximate factor that may limit the scope and complexity of legislation produced in term limited states (Kousser 2005).

Similar to its effects on rank-and-file members, term limits directly produce relatively inexperienced legislative leaders by forcing turnover. This inexperience relates to both the leaders' lack of time spent in the legislature but also to the even shorter amount of time they are able to spend in the party and chamber leadership (Little and Farmer 2007). Again, this lack of experience and institutional knowledge should subsequently affect policy outcomes. Miquel and

Snyder (2006) contend that leader inexperience suppresses both the quantity and quality of legislation produced by term limited legislatures. Beyond the effects of inexperience, increased turnover among legislative leaders may also lead to increased intra-party competition, shifting members' focus from policy making to ideological position-taking and fundraising in order to contend for leadership posts. In addition, leadership turnover creates frequent lame duck leaders that may have a hard time maintaining an effective incentive system to keep member in line and hold together legislative coalitions (Bowser et al. 2003; Apollonio and La Raja 2006; Cain and Wright 2007).

Another proximate effect of term limits is that each legislator's time in the legislature is shortened. This shortened timeframe affects the context in which policy is made. Term-limited legislatures may have fewer cross-party relationship and legislators may be less likely to build "weak ties" that help form the broad coalitions that are necessary for legislative action on complex issues (Sarbaugh-Thompson et al. 2006; Kirkland 2011). Indeed, Kousser (2005) shows that majority parties have an even greater advantage in term-limited legislatures. Related research finds that term-limited legislatures tend to be less collegial and members are less willing compromise (Berman 2007). These changes in the political climate of a legislature ultimately may affect the kinds of policies produced – making complex and more moderate legislation much less likely to pass.

The shortened career of term limited legislators also affects their time horizon. This may incentivize legislators to pursue policies have immediate political benefits rather than policies that provide longer term benefits (Herron and Shotts 2006). Uppal (2010) finds that term limits in Indian states leads to less efficient policies focusing on consumptive spending rather than

expenditures on infrastructure. Thus, the types of policies that are passed in term-limited legislatures may be quite different from other legislatures.

Term Limits and Fiscal Policy

As the previous section discusses, the proximate effects of term limits – legislative inexperience, a relative lack of institutional knowledge, less effective leaders, fewer and narrower networks, shorter time horizons and increased party polarization – should all influence policy produced by these legislatures. Indeed, the extant literature has produced compelling results linking term limits and public policy, particularly fiscal policy. Erler (2007) finds that, counter to reformers’ expectations, term limits increase overall state expenditures due to the decentralization of the budget process as legislative leaders lose power. Herron and Shotts (2006), meanwhile, argue that the shortened time horizons of legislators lead to inefficient, pork-barrel spending. Similarly, several studies find that term limits tend to incentivize spending on particularistic benefits rather than more collective goods (Cain et al. 2004; Kousser 2005; Uppal 2010).

At the same time that scholars are finding links between term limits and increased spending, other studies find evidence of decreased revenue collection and fiscal policy performance. Lewis (2009) finds that term limited states collect less revenue due to the short time horizons of legislators. Similarly, Cummins (2008) argues that term limited legislatures are ill equipped to balance short-term demands of low taxes and pork-barrel spending with long term fiscal health priorities, resulting in budget deficits and imbalances. More recently, Lewis (Forthcoming) finds that fiscal performance of term limited legislatures is relatively lower, as

indicated by bond ratings, because of the joint effects of inexperience, lack of leadership and short-term policy priorities.

While the extent literature makes compelling arguments relying on a variety of causal mechanisms, few studies explicitly test the links of these chains. Rather, they tend to use dummy variables indicating whether a state has passed term limits or has begun to force legislators from office. But, without testing links of the causal mechanism, we cannot be confident that the results of these analyses are supporting the theoretical story being told. Further, the issue of endogeneity creates problems in interpreting the coefficients on cross-sectional dummy variables. Is it the presence of term limits that is driving the effect, or is the underlying traits of the states that would adopt term limits that are driving the effect? In other words, states that are more likely to have higher spending levels, higher spending on particularistic programs and lower revenue may also be more likely to pass term limits reforms. Absent specific tests of the causal chain, including explicit measurement of the proximate effects of term limits, our understanding of the fiscal effects of these rules is limited. One study that does try to address these concerns finds support for the effect of legislative experience and leader experience on fiscal policy, but these variables do not account for the magnitude of the effects of the term limits variable (Forthcoming). This suggests that there is more to the relationship between term limits and bond ratings than just legislator and leader inexperience.

In the following analyses, I seek to test several of the causal mechanisms cited in the literature by directly testing the traits produced by the proximate effects of term limits. This has the advantage of not only providing a more direct test of the theories, but also allows for a more generalizable interpretation of results. The measured traits in the following analyses are not restricted to term limited legislature, but rather can apply to all legislatures. Thus, the results

may have implications for the institutional design of legislatures across the U.S. and in other countries.

Furthermore, by testing the effects of term limits using legislative traits allows the analyses to distinguish between the variations in the various term limits laws. As seen in Table 1, the length and stringency of the term limits laws vary considerably. And, as Sarbaugh-Thompson's (2010) Term-Limitedness measure suggests, the impact of the laws on turnover varies accordingly. In addition, several states overturned their term limit law before legislators began to be forced from office. These states highlight the analytical conundrum of whether to consider a legislature as term-limited before the law is enforced (Carey et al. 2000). The literature notes that legislators act strategically and may alter their behavior prior to being forced from office. However, using the legislative traits rather than a dichotomous indicator of term limits enactment or enforcement allows the data to reveal the extent to which term limits have affected these critical links in the causal chain.

[Table 1 about here]

Traits of Term Limited Legislatures

In this study I examine four traits of legislatures that are affected by the imposition of term limits: rank-and-file experience, leader experience, lame duck leaders, and party polarization. Legislative experience (and its resulting institutional knowledge) has been hypothesized to increase spending as senior members become socialized to a "culture of spending" (e.g., Payne 1991; but see, Reed et al. 1998; Moore and Hibbing 1996). Legislative experience is also expected to increase overall fiscal policy performance and bond ratings as legislators have more policy and institutional knowledge to deal with complex policy (Lewis Forthcoming). Legislative experience is measured here as the average number of years a

legislator has served in the legislature (either chamber), based on the “State Legislative Returns, 1967-2003” database (Carsey et al. 2008).

The literature also emphasizes the influence that changes in legislative leadership will have on public policy. Leaders with less experience and institutional knowledge may be less effective in shepherding bills through the legislative process and, thus, less able to craft quality policy (Miquel and Snyder 2006; Lewis Forthcoming). Less effective leaders may also create a more decentralized power structure in term-limited legislatures, increasing distributional spending (Apollonio and La Raja 2006; Erler 2007; Uppal 2010). The prevalence of lame duck leaders in term-limited legislatures is likely to similarly undermine the efficacy of legislative leaders (Bowser et al. 2003). In the following analyses, leader experience is measured as the number of years the Speaker of the lower chamber and the leader (variously titled) of the upper chamber have served in the legislature. Lame duck status is a dichotomous indicator of the leaders’ last term in that position.

The last legislative trait under examination here is party polarization. Studies suggest that the narrowing of networks and loss of cross-party relationships in term-limited legislatures creates a more partisan policymaking climate in which compromise and coalition building are difficult (Kousser 2005; Sarbaugh-Thompson et al. 2006). This should manifest itself in increased party polarization. Lewis (Forthcoming) suggests that this conflictual environment would have a negative effect on fiscal policy performance due to the inability of legislatures to build the broad coalitions necessary to remedy fiscal problems and budgetary shortfalls (Lowry and Alt 2001). Party polarization may also advantage the majority party, allowing them to enact their program without bargaining with the minority party (Kousser 2005). This would likely decrease spending levels and orient spending towards the programs prioritized by the parties.

Party polarization is measured using the NPAT common space scores developed by Shor and McCarty (Shor and McCarty 2011, 2012) as the average annual difference between the party medians.

Before analyzing the impact of these legislative traits on fiscal policy, it is important to establish that term-limited (TL) legislatures actually do differ from non-term-limited (NTL) legislatures on these characteristics. Again, fiscal policies are theoretically connected to term limits through a causal chain, with the legislative traits described above as the most proximate links in this chain. Figures 1-3 plots the means and proportions of these variables in TL and NTL legislatures. The legislative experience in TL legislatures is clearly lower than in NTL legislatures, though the difference is not statistically significant in upper chambers. This likely reflects the ability in many states to move between chambers in order to remain in the legislature. The move from the lower chamber to the upper chamber tends to be much more common than the opposite move (e.g., Powell 2003). Unsurprisingly, the experience gap is much wider for legislative leaders since these leaders tend to be drawn from the most experienced legislators in a chamber. In TL states, however, leaders are just as inexperienced as the rank-and-file. The difference in the proportions of years with term limited leaders is also quite large. Leaders in NTL legislatures rarely deal with lame duck status, but leaders in TL states face this situation more than half of the time. Last, the NPAT common scores reveal that TL legislatures are significantly more polarized than NTL legislatures. This difference holds even when using alternative, non-partisan measures of polarization.

[Figures 1-3 about here]

Analyses of Legislative Traits and Fiscal Policy

To test the causal links between the proximate effects of term limits on the legislative traits described above and fiscal policies, I specify several models of spending, revenue, policy priorities and bond ratings. In each model, I replace the dichotomous indicator of term limits enactment or enforcement with the affect legislative trait. The first three sets of models are estimated using prais-winston regression with panel-corrected standard errors. Independent variables are lagged one year. The last set of models, predicting bond ratings, is estimated using tobit analyses with standard errors clustered by state.

In addition to the legislative traits, the spending and revenue models also include a host of control variables that are likely to affect state fiscal policies: partisan control of government (divided, Democratic control or Republican control), intergovernmental revenue streams (percent of revenue from local and federal sources), citizen ideology (Berry et al. 2007), party competition (Ranney 1976), legislative professionalization (Squire 2007), initiative use (1996-2009, logged), the presence of a tax and expenditure limit law (TEL), income per capita, the state unemployment rate, and population density.¹ The models of state policy priorities extend upon specifications from Schneider and Jacoby (2006) and Lewis and Schneider (2010). These models include controls for direct democracy institutions, citizen ideology, mass partisanship (Erikson et al.), interest groups (percentage of groups advocating for collective and particularized benefits) (Gray and Lowery 1996), population (logged, income per capita, and intergovernmental revenue. The specifications of the final set of models are based on Lewis (Forthcoming) and Depken and LaFountain (2006), with controls for partisan control of government, public corruption (federal corruption conviction rates), debt-to-revenue ratios, state tax burdens, income

¹ Unless otherwise indicated, the data were collected from the U.S. Census Bureau's Statistical Abstracts.

per capita, state unemployment rates, legislative professionalization, direct democracy institutions, the presence of budgetary carryover provisions, and TELs.

Expenditures and Revenue

I begin by analyzing state general expenditures and revenues per capita from 1996 to 2009.² The results from the expenditures models are presented in Table 2. Consistent with arguments offered by advocates of term limits (e.g., Payne 1991), legislative experience is positively related to expenditures. In addition, party polarization significantly reduces expenditures. The downward pressures on spending in TL legislatures, however, may be offset by a positive effect of lame duck leaders in the lower chamber. Contrary to Erler's (2007) study, term limits overall, seem to reduce spending through decreased experience and increase polarization. Indeed, substituting the legislative traits for a term-limits dummy variable produces a significant negative coefficient.³

The results from the models predicting revenues per capita, presented in Table 3, are similarly mixed. Leader experience in upper chambers displays a negative effect on revenues, but rank-and-file experience significantly increases revenue. At the same time, party polarization has a significant negative effect on revenues. As with the expenditures models, the legislative traits affected by term limits do not consistently affect revenues in the same way.

² Alaska and Hawaii are excluded due to their unique fiscal structures. Nebraska is also excluded due to its nonpartisan legislature.

³ Including year and state fixed effects does not substantively change the results.

Policy Priorities

Since much of the term limits literature emphasizes the types of spending that are likely to be affected, I also analyzed state spending patterns using Jacoby and Schneider's (Jacoby and Schneider) State Policy Priorities measure. This measure reveals that state spending largely falls along a dimension with states emphasizing collective goods on one end and states emphasizing particularized benefits on the other. Since the literature anticipates TL legislatures to prioritize spending on short-term, distributive programs, this should be reflected in the State Policy Priorities as an emphasis toward particularized benefits.

The results of the analyses are presented in Table 4. None of the legislative traits affected by term limits has a significant effect on State Policy Priorities. Though the leader experience variables approach traditional levels of statistical significance, each chamber's coefficient is oppositely signed in each model. From these results, it seems that term limits do not significantly alter the broad spending patterns of state legislatures. Substituting the term limits dummy variables for these legislative traits does not change this result.

Bond Ratings

The last "fiscal policy" examined here is actually measure of overall fiscal policy performance. State bond ratings evaluate the risk inherent in investing in state bonds. Thus, states with large deficits, budget shortfalls and other related fiscal problems are more likely to default and, subsequently, have lower bond ratings (Alt and Lowry 1994; Lowry and Alt 2001). The dependent variable is based on Standard and Poor's (S&P) bond ratings, which range from a

high of AAA to a low of C with 25 different intervals. This ordinal scale is converted to a corresponding cardinal range from 1 to 25.⁴

Results from six tobit models of S&P ratings are presented in Table 5. Unlike the previous analyses, the coefficients on the legislative traits affected by term limits are much more consistent in their direction. Both rank-and-file experience and leader experience show statistically significant positive effects on bond ratings. Consistent with these effects, lame duck status for lower chamber leaders reduces bond ratings. Party polarization, however, shows a positive impact. Consistent with the previous analyses, the effect of increased polarization in TL legislatures tends to be normatively positive for term limits advocates who view lower taxes, lower spending and, of course, high bond ratings as favorable outcomes (e.g., Payne 1991).

Discussion

The results from these analyses present a more complex picture of the impact of term limits on fiscal policy. By more directly testing the linkage between legislative traits that are more proximately affected by term limits and fiscal policy outcomes, we are able to better test the theoretical arguments underpinning the relationship between term limits and policy. It is evident that in many cases the effects of term limits have contrasting effects on spending, revenue, policy priorities and overall fiscal performance. The results do, however, produce some consistent results across the models and different specifications. Leader

⁴ Other bond ratings (Moody's and Fitch's) and the average bond ratings produce similar results.

experience seems to be more important for policy outcomes than rank-and-file experience. Also, party polarization has consistent effects on fiscal policy driving down spending, revenue, and increasing state bond ratings.

These mixed results put the onus on scholars to be more specific in both their theoretical arguments and their empirical tests. It is not enough to use dichotomous indicators of term limits to test the impact of these reforms on policy outcomes because we are likely to under estimate certain facets of its effects on legislatures as well as policy. Importantly, by analyzing the legislative traits affected by term limits, scholars can get a better understanding of how other institutional features (e.g., professionalization or leadership powers) of the legislatures may interact with term limits to affect policy outcomes. This can better inform future institutional reforms in the American states.

The analyses presented here also provide strong reason to be cautious in interpreting the results. As discussed in the literature review, traits such as legislator time horizons and legislative networks were not directly measured and included in the models. These omissions may bias the results and underestimate the impact of term limits. As this project progresses, I plan to incorporate measures of these traits into the analyses and improve the specification of the models. Another reason to be cautious is that in examining aggregate spending, revenue and other general fiscal policy indicators, the analyses may be overlooking

significant policy effects. Future work will hone in on specific fiscal policy outcomes. Finally, the effects of party polarization on fiscal policy may be misleading in that the effect was estimated across various political contexts. Party polarization may have different effects in Democratic-controlled legislatures compared to Republican legislatures. Future iterations of this study will assess party polarization in more depth, better accounting for contextual variations.

Though there are good reasons to be cautious in interpreting these results, the larger point of the analysis remains: without looking at the various links in the causal chain between term limits and policy outcomes, we will not have a good understanding of how these institutions ultimately affect public policy.

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Table 1. States with Legislative Term Limits, 1996-2009

State	Lower Chamber Limit (years)	Upper Chamber Limit (years)	Recycling Potential	Term-Limitedness (adj. for recycling)	Enacted	Enforced	Repealed
Washington	6	8	Consecutive terms	----	1992	----	1998
Massachusetts	8	8	Consecutive terms	----	1994	----	1997
Idaho	8	8	Consecutive terms	----	1994	----	2002
Wyoming	12	12	Consecutive terms	----	1992	----	2004
Utah	12	12	Consecutive terms	----	1994	----	2003
Oregon	6	8	Consecutive terms	----	1992	2000	2002
Louisiana	12	12	Consecutive terms	-0.18	1995	2007	----
Nevada	12	12	Lifetime limit	-0.02	1996	2008	----
Oklahoma	12*	12*	Lifetime limit	0.00	1990	2002	----
South Dakota	8	8	Consecutive terms	0.09	1992	2000	----
Florida	8	8	Consecutive terms	0.15	1992	2000	----
Maine	8	8	Consecutive terms	0.21	1993	1996	----
Arizona	8	8	Consecutive terms	0.27	1992	2000	----
Colorado	8	8	4 year waiting period	0.33	1990	1998	----
Nebraska	NA	8	4 year waiting period	0.35	2000	2006	----
Montana	8	8	10 year waiting period	0.47	1992	2000	----
Ohio	8	8	Consecutive terms	0.52	1992	2000	----
Missouri	8	8	Lifetime limit	0.75	1992	2000	----
California	6	8	Lifetime limit	1.37	1990	1996	----
Michigan	6	8	Lifetime limit	1.55	1992	1998	----
Arkansas	6	8	Lifetime limit	1.99	1992	1998	----

*Oklahoma's limit service in the legislature to 12 years total.

Sources: National Conference of State Legislatures; Sarbaugh-Thompson, Marjorie. 2010. "Measuring "Term Limitedness" in U.S. Multi-State Research." *State Politics & Policy Quarterly* 10: 199-217.

Figure 1. Average Legislative Experience and Leader Experience by Term Limits (TL)

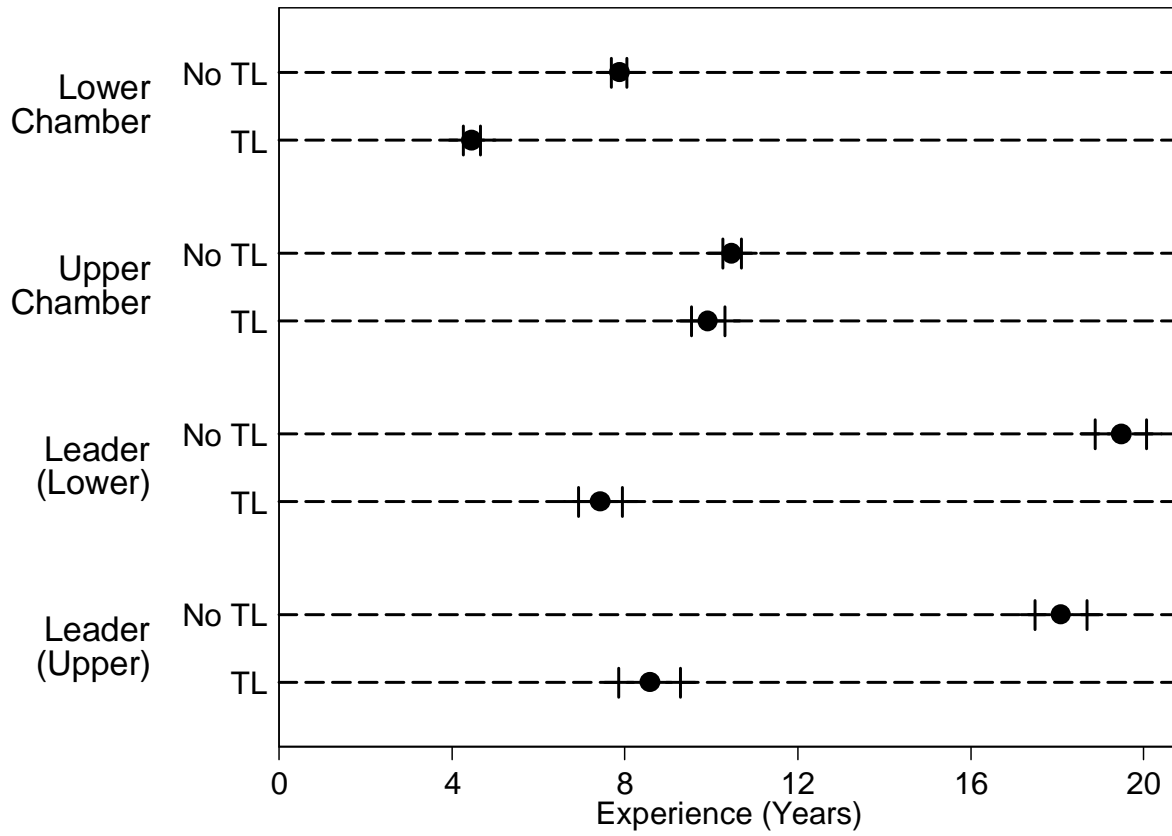


Figure 2. Proportion of Years with a Lame Duck Chamber Leader by Term Limits (TL)

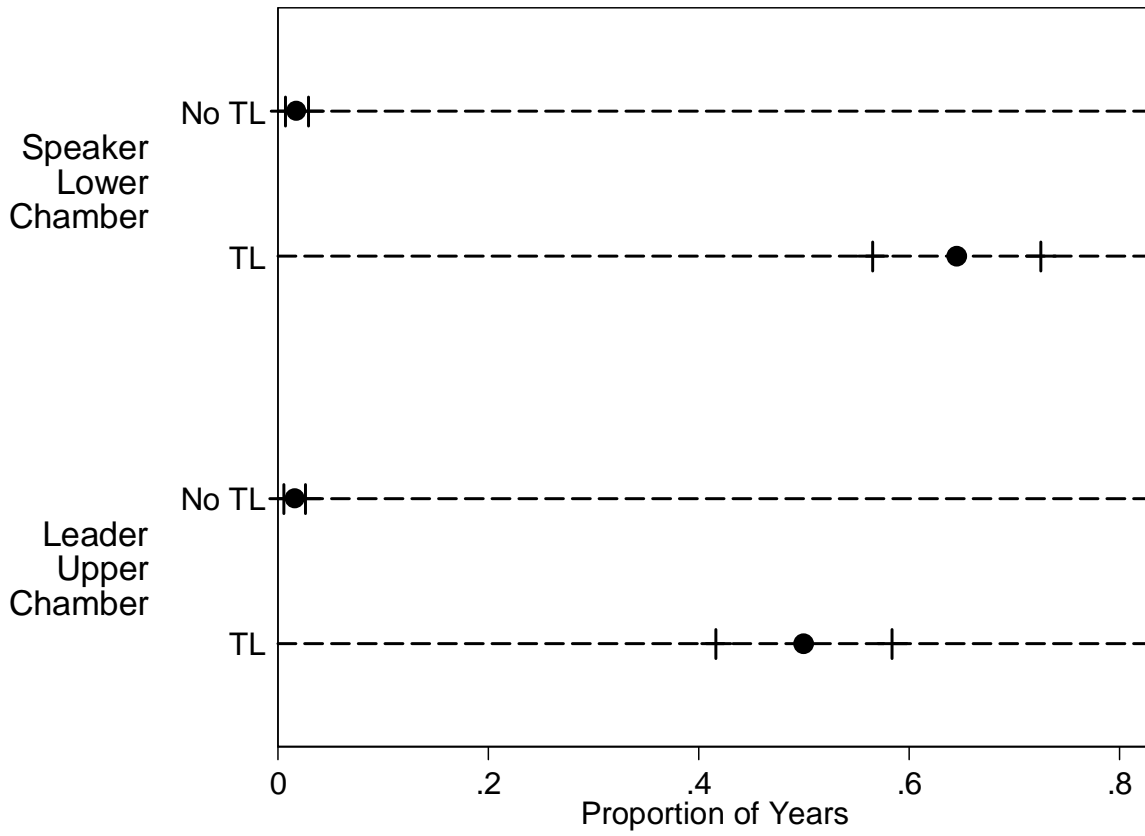


Figure 3. Party Polarization by Term Limits (TL)

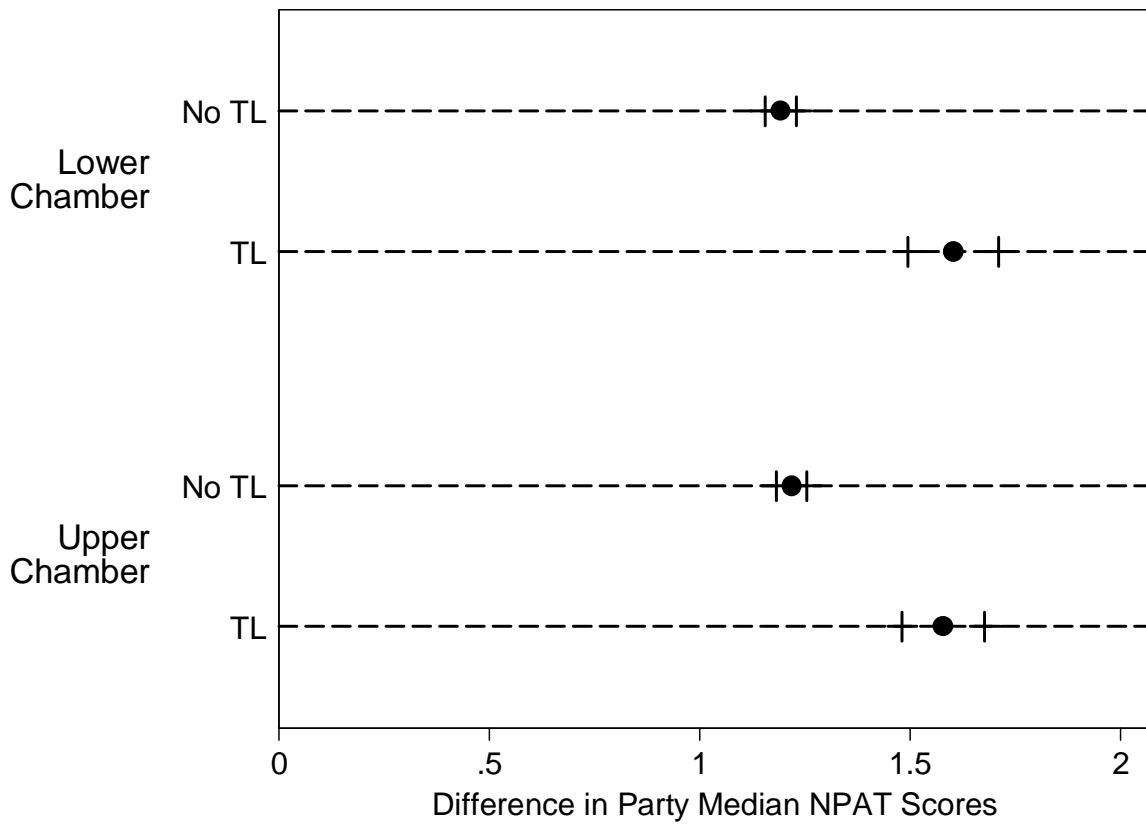


Table 2. Panel-Corrected Prais-Winston Models of State Expenditures per Capita, 1996-2009

Variable	(1)*		(2)		(3)		(4)		(5)		(6)*	
	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p
Experience (lower)	6.322	0.459	-----	-----	-----	-----	-----	-----	-----	-----	-10.877	0.353
Experience (upper)	28.093	0.003	-----	-----	-----	-----	-----	-----	-----	-----	27.532	0.008
Leader Exp. (lower)	-----	-----	-1.554	0.431	-----	-----	-----	-----	-2.288	0.242	-3.358	0.186
Leader Exp. (upper)	-----	-----	2.875	0.101	-----	-----	-----	-----	2.771	0.133	1.590	0.436
Lame Duck (lower)	-----	-----	-----	-----	80.502	0.018	-----	-----	108.798	0.001	148.380	0.000
Lame Duck (upper)	-----	-----	-----	-----	20.107	0.489	-----	-----	5.589	0.846	-55.885	0.101
Party Polarization	-----	-----	-----	-----	-----	-----	-292.103	0.002	-287.029	0.001	-453.237	0.000
Divided Gov't.	81.475	0.077	93.433	0.019	70.082	0.068	42.587	0.244	68.613	0.072	90.199	0.045
Democratic Control	131.406	0.022	81.542	0.117	68.938	0.166	55.221	0.264	60.034	0.225	89.353	0.115
Inter-Gov't. Revenue	8.927	0.017	11.733	0.001	10.814	0.002	9.923	0.004	10.807	0.001	9.041	0.025
Citizen Ideology	4.871	0.023	7.379	0.000	6.531	0.000	6.535	0.000	6.914	0.000	6.595	0.008
Party Competition	-431.653	0.071	-725.854	0.002	-461.936	0.035	-475.729	0.027	-704.592	0.001	-608.865	0.011
Legislative Profess.	633.639	0.000	-910.962	0.000	-292.968	0.060	198.725	0.348	-291.960	0.151	525.416	0.008
Initiative Use (log)	10.508	0.542	-16.547	0.277	-24.120	0.050	-11.021	0.390	-1.647	0.911	5.543	0.764
TEL	110.357	0.010	84.393	0.026	75.163	0.036	59.961	0.151	116.232	0.014	64.401	0.169
Income per Capita	115.274	0.000	125.393	0.000	125.238	0.000	129.280	0.000	130.655	0.000	123.144	0.000
Unemployment	8.344	0.646	-26.854	0.138	-18.196	0.268	-19.164	0.231	-22.757	0.171	13.985	0.469
Population Density	-0.961	0.000	-0.914	0.000	-0.834	0.000	-1.203	0.000	-1.242	0.000	-1.210	0.000
Constant	-143.697	0.655	614.036	0.036	309.301	0.245	588.251	0.044	741.543	0.009	468.054	0.161
N	423		611		611		611		611		423	
ρ	0.613		0.467		0.433		0.501		0.534		0.851	
R ²	0.967		0.952		0.962		0.966		0.957		0.956	

Note: P-values are from two-tailed tests

*Experience data only available from 1996 to 2004

Table 3. Panel-Corrected Prais-Winston Models of State Revenues per Capita, 1996-2009

Variable	(1)		(2)		(3)		(4)		(5)		(6)	
	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p
Experience (lower)	-0.008	0.759	-----	-----	-----	-----	-----	-----	-----	-----	-0.017	0.513
Experience (upper)	0.024	0.389	-----	-----	-----	-----	-----	-----	-----	-----	0.061	0.029
Leader Exp. (lower)	-----	-----	0.002	0.640	-----	-----	-----	-----	0.001	0.846	-0.009	0.161
Leader Exp. (upper)	-----	-----	-0.015	0.007	-----	-----	-----	-----	-0.016	0.006	-0.014	0.006
Lame Duck (lower)	-----	-----	-----	-----	0.190	0.046	-----	-----	0.160	0.078	0.112	0.264
Lame Duck (upper)	-----	-----	-----	-----	0.031	0.698	-----	-----	0.068	0.432	-0.118	0.145
Party Polarization	-----	-----	-----	-----	-----	-----	-1.262	0.000	-1.366	0.000	-1.351	0.000
Divided Gov't.	-0.068	0.520	0.121	0.194	0.097	0.302	-0.004	0.968	-0.006	0.940	-0.117	0.210
Democratic Control	-0.034	0.803	0.104	0.358	0.075	0.496	-0.024	0.827	-0.037	0.727	-0.097	0.458
Inter-Gov't. Revenue	-0.110	0.000	-0.117	0.000	-0.115	0.000	-0.123	0.000	-0.127	0.000	-0.119	0.000
Citizen Ideology	0.007	0.189	0.001	0.829	0.000	0.999	-0.001	0.804	0.001	0.881	0.007	0.174
Party Competition	-1.143	0.027	-0.903	0.060	-1.024	0.033	-0.809	0.075	-0.843	0.064	-0.762	0.119
Legislative Profess.	-1.429	0.002	-1.240	0.009	-1.931	0.001	0.137	0.865	0.830	0.182	0.617	0.251
Initiative Use (log)	-0.020	0.667	-0.055	0.291	-0.041	0.364	0.075	0.141	0.019	0.763	-0.010	0.858
TEL	-0.401	0.001	-0.306	0.016	-0.308	0.014	-0.272	0.046	-0.241	0.076	-0.188	0.088
Income per Capita	0.171	0.000	0.156	0.000	0.157	0.000	0.176	0.000	0.178	0.000	0.191	0.000
Unemployment	0.048	0.381	-0.152	0.003	-0.154	0.003	-0.141	0.007	-0.132	0.009	0.057	0.277
Population Density	-0.002	0.000	-0.001	0.000	-0.001	0.000	-0.002	0.000	-0.003	0.000	-0.003	0.000
Constant	3.460	0.000	5.382	0.000	5.305	0.000	6.062	0.000	6.360	0.000	4.242	0.000
N	423		611		611		611		611		423	
ρ	0.716		0.007		-0.224		-0.109		0.141		0.724	
R ²	0.883		0.850		0.855		0.857		0.859		0.898	

Note: P-values are from two-tailed tests

*Experience data only available from 1996 to 2004

Table 4. Panel-Corrected Prais-Winston Models of State Policy Priorities, 1996-2008

Variable	(1)		(2)		(3)		(4)		(5)		(6)	
	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p
Experience (lower)	-0.047	0.699	-----	-----	-----	-----	-----	-----	-----	-----	-0.045	0.750
Experience (upper)	-0.031	0.803	-----	-----	-----	-----	-----	-----	-----	-----	-0.101	0.414
Leader Exp. (lower)	-----	-----	-0.044	0.056	-----	-----	-----	-----	-0.046	0.056	-0.044	0.129
Leader Exp. (upper)	-----	-----	0.040	0.117	-----	-----	-----	-----	0.042	0.122	0.050	0.071
Lame Duck (lower)	-----	-----	-----	-----	-0.343	0.424	-----	-----	-0.400	0.386	-0.630	0.254
Lame Duck (upper)	-----	-----	-----	-----	-0.094	0.798	-----	-----	-0.267	0.575	-0.767	0.196
Party Polarization	-----	-----	-----	-----	-----	-----	-0.050	0.944	-0.039	0.955	0.208	0.769
Direct Democracy	-0.068	0.520	1.710	0.194	1.355	0.333	2.178	0.109	1.754	0.180	2.875	0.032
DD X Ideology	-0.034	0.803	-0.031	0.228	-0.024	0.356	-0.040	0.129	-0.030	0.251	-0.049	0.096
Citizen Ideology	-0.110	0.000	-0.040	0.093	-0.032	0.184	-0.035	0.145	-0.041	0.088	-0.030	0.257
Partisanship	0.007	0.189	5.778	0.039	3.870	0.162	5.846	0.034	5.585	0.041	5.136	0.062
Groups – Coll. Goods	-1.143	0.027	0.208	0.005	0.196	0.012	0.199	0.012	0.223	0.005	0.183	0.038
Groups – Part. Bens.	-1.429	0.002	-0.156	0.032	-0.185	0.019	-0.169	0.023	-0.145	0.058	-0.152	0.065
Population (log)	-0.020	0.667	-1.905	0.000	-1.827	0.000	-1.885	0.000	-1.867	0.000	-1.754	0.000
Income per Capita	-0.401	0.001	0.000	0.217	0.000	0.158	0.000	0.213	0.000	0.241	0.000	0.196
% Local Revenue	0.171	0.000	-1.036	0.000	-0.950	0.000	-1.029	0.000	-1.047	0.000	-1.154	0.000
% Federal Revenue	0.048	0.381	-0.093	0.045	-0.083	0.065	-0.093	0.047	-0.091	0.048	-0.106	0.034
Constant	3.460	0.000	18.276	0.001	18.396	0.003	18.613	0.002	17.201	0.005	19.501	0.004
N	423		517		517		517		517		423	
ρ	0.716		0.721		0.747		0.719		0.723		0.694	
R ²	0.333		0.328		0.278		0.322		0.328		0.362	

Note: P-values are from two-tailed tests

*Experience data only available from 1996 to 2004

Table 5. Tobit Models of State Bond Ratings (Standard & Poor's), 1996 - 2009

Variable	(1)*		(2)		(3)		(4)		(5)		(6)*	
	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p	Coef.	p
Experience (lower)	-0.041	0.337	-----	-----	-----	-----	-----	-----	-----	-----	-0.022	0.662
Experience (upper)	0.151	0.000	-----	-----	-----	-----	-----	-----	-----	-----	0.070	0.117
Leader Exp. (lower)	-----	-----	0.000	0.878	-----	-----	-----	-----	0.000	0.986	0.002	0.881
Leader Exp. (upper)	-----	-----	0.002	0.000	-----	-----	-----	-----	0.048	0.000	0.037	0.001
Lame Duck (lower)	-----	-----	-----	-----	-0.625	0.002	-----	-----	-0.498	0.011	-0.752	0.007
Lame Duck (upper)	-----	-----	-----	-----	0.324	0.139	-----	-----	0.154	0.463	-0.070	0.810
Party Polarization	-----	-----	-----	-----	-----	-----	0.679	0.000	0.891	0.000	1.175	0.000
Divided Government	-0.301	0.107	-0.577	0.000	-0.516	0.000	-0.492	0.001	-0.477	0.000	-0.257	0.148
Democratic Control	0.156	0.517	-0.382	0.028	-0.303	0.089	-0.318	0.070	-0.351	0.037	0.101	0.657
Public Corruption	-0.106	0.159	-0.033	0.513	-0.001	0.977	0.036	0.475	0.030	0.558	-0.035	0.644
Debt-to-Revenue	-1.361	0.000	-1.132	0.000	-1.263	0.000	-0.969	0.000	-0.768	0.000	-0.640	0.069
State Tax Burden	4.839	0.556	9.124	0.116	9.770	0.101	9.647	0.102	12.249	0.031	8.821	0.264
Income Per Capita	0.120	0.000	0.101	0.000	0.093	0.000	0.092	0.000	0.095	0.000	0.095	0.000
Unemployment	-0.322	0.000	-0.121	0.026	-0.157	0.005	-0.135	0.014	-0.111	0.037	-0.263	0.001
Legislative Profess.	-3.694	0.000	-3.732	0.000	-3.103	0.000	-4.478	0.000	-5.235	0.000	-4.955	0.000
Direct Democracy	-0.026	0.884	0.065	0.635	-0.185	0.166	-0.438	0.000	0.072	0.598	0.226	0.211
No Carryover Provision	0.631	0.000	0.572	0.000	0.584	0.000	0.645	0.000	0.773	0.000	0.911	0.000
TEL	-0.021	0.896	0.064	0.577	0.000	0.997	0.019	0.872	0.026	0.815	0.003	0.984
Constant	21.989	0.000	21.182	0.000	22.247	0.000	21.443	0.000	19.681	0.000	19.878	0.000
N	391		635		635		635		635		391	
χ^2	112.08		122.15		157.90		168.75		229.46		154.25	

Note: P-values are from two-tailed tests

*Experience data only available from 1996 to 2004